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Supreme Court of the United States

OCTOBER TERM, A. D. 1920

No. 111

NATIONAL BRAKE & ELECTRIC COM-
PANY,

Petitioner,

vs.

NIELS A. CHRISTENSEN and ALLIS-
CHALMERS COMPANY

Respondents.

BRIEF FOR RESPONDENTS

JOSEPH B. COTTON,
WILLIAM R. RUMMLER,
WILLET M. SPOONER,
LOUIS QUARLES,

Counsel for Respondents.



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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, A. D. 1920.

No. 111.

NATIONAL BRAKE & ELECTRIC COM-
PANY,

Petitioner,

vs.

NIELS A. CHRISTENSEN and ALLIS-CHAL-
MERS COMPANY,

Respondents.

This is a certiorari to review the action of the United States Circuit Court of Appeals for the Seventh Circuit denying an original application of petitioner for a decree of that court directing the dismissal of a suit not pending therein, but commenced many years before in, and then pending in, the United States District Court for the Eastern District of Wisconsin.

A correct understanding of the issues involved necessitates a somewhat careful review of three separate litigations:

(A) The original suit in the District Court for Wisconsin (hereinafter for brevity called the Wisconsin suit);

(B) The original suit in the District Court at Pittsburgh, together with the various certiorari proceedings in the Court of Appeals growing out of it (all of which are hereinafter called the Pittsburgh litigation); and

(C) The original special proceeding in the Circuit Court of Appeals for the Seventh Circuit commenced because of the two preceding litigations, and which here alone is sought to be reviewed.

STATEMENT OF FACTS.

The statement of facts contained in the brief for the petitioner, while on the whole pretty full is incomplete

and merely delineates the skeleton of the litigation without reference to the real flesh and blood thereof. Petitioner confines its discussion to the forms of pleadings and decrees and omits all references to the real issues tried and decided as disclosed by the decisions of the District Courts and Circuit Courts of Appeal.

The cases all hold that in order to determine what issues were involved a court not only could, but should, refer to the decisions of the courts whose judgments are affected or reviewed, and we feel that in that way only will the bare facts as presented by the petitioner appear in their true light and perspective.

We therefore wish to supplement and in some instances correct the statement of facts of petitioner, with particular reference to the decisions of the courts in question.

(A) THE WISCONSIN LITIGATION.

The amended bill in this case, and that is the one on which the suit went to trial, was predicated on the theory that the two paper writings are evidence of one and the same contract or monopoly grant, and that it is immaterial whether either or both are taken as evidence of the contract and grant. The facts as to the identity of the two patents, except as to number, date and nominal date of expiration, appear on the amended bill and are admitted throughout the litigation. (Rec. pp. 18-25).

The case was originally tried and submitted to the late Judge Quarles and remained *in gremio* for a very long time. (This accounts for the slumbering referred to in petitioner's brief.) He died before deciding it. After his death the case was revived and other counsel appeared the bill was amended to introduce the first patent as an alternative evidence of the grant, and on motion of the petitioner, a stipulation and order was entered that the answer to the original bill stand as the answer to the amended bill,

"and have the same force and effect as if said defenses stated in the Answer to said original Bill had been specifically set up in regard to said patent No. 621,324." (Rec. p. 30.)

The order further provided that

"the evidence offered by the Defendant in support of its Answer to the original Bill, and filed in this Court,

shall stand and have the same force and effect as against said patent No. 921,324 as if originally taken with reference to said Patent."

The issues and record were, by petitioner's own motion and the order of the Court entered pursuant thereto, made identical as to both patents.

Upon the trial one of the chief questions presented and litigated by petitioner was the question of which patent evidenced plaintiff's monopoly, the first or the second, although the issues regarding the two were identical as has been shown. After argument and briefs Judge Geiger decided the case and filed an opinion August 1, 1914 (Rec. p. 32) upholding respondent's contentions that respondent Christensen had a patent monopoly right and that it was immaterial or "academic" as to which patent was referred to as evidencing the grant, that the contract with the United States government was one and the same and that defendant had infringed it, and granted an injunction and accounting accordingly.

Judge Geiger in his opinion said, and this was the gist of his holding,

"In every aspect of the case, it appears that the Government has allowed and granted a patent embodying the claims which, in the two documents, are identical. Whether the patent be evidenced by one, the other or both, is not, in view of the issues now here, material. Complainants' contention that, even though the second Patent on its face extends the term of the monopoly beyond that permitted by statute, the Court may, when necessary to protect the public or a party, give the instrument its actual limitation and effect, strikes me as fair and entirely consistent with the spirit of the patent laws. In other words, there is no reason why the irregularity of procedure should work a default or a total lapse in the patentee's right or title, *especially as against one who has not been injured or misled*, nor from whom relief is sought in reliance upon the irregularity. The question, upon the present state of the case, is therefore, academic only." (Rec. p. 34.) (Italics ours.)

Respondents conceded that the date of expiration of the monopoly was March 21, 1916 (17 years from the issue of the *first* patent) whether that be evidenced by the first or the second patent and the decree was entered in conformity therewith. For convenience and brevity the

second patent was referred to by number in the decree (Rec. p. 39) but the decision of the court was based squarely on the grant of monopoly right irrespective of the particular patent that evidenced the same.

That fact appears beyond dispute from the decision of the District Court construing its decree (Rec. pp. 242, 245), in which the Court said at page 245:

"It may be well at this point to recur to the views entertained by this Court upon the original hearing. The real question was conceived to be, whether Christensen had obtained a monopoly grant from the Government, no matter how evidenced, provided only the evidence, such as it was, should, in the aggregate, show a compliance with the Patent Laws. And the effect of the decision was and is this: That Christensen obtained a patent from the Government, that the grant could not be invalidated because of the incorporation in the so-called first patent of the fugitive sheets (sheet) nor by the mistake of renumbering the second and giving to the patentee, nominally, at least, an excessive term of monopoly."

Respondents base their argument upon the circumstance that the second patent was mentioned in the decree as their major premise. If that patent were not mentioned by number, the conclusions they seek to draw from the premise would fail. It is, therefore, important to see why the patent was mentioned in the decree. That it was mentioned for convenience only, and not because it was called for by the issues tendered by the bill and answer, is clear from the opinion of the District Court, and it is uncontroverted elsewhere; and when it comes to construing his own decree, that court speaks in a special sense *ex cathedra*.

Mr. Justice Holmes has amply expressed this doctrine in

Steinfeld vs. Zeckendorf, 239 U. S. 26, 30,
where he uses the following language:

"The mandate issued within the memory of the present members of the court. * * * In the time of Edward I. Hengham interrupted a discussion of the Stat., Westm. II, by saying: 'We know it better than you, for we made it. * * * However it may be as to a statute, the objection seems reasonable when applied to a mandate.' * * *"

The District Court said on the motion to dismiss:

"I may say preliminarily, that, when the substance of things is considered, there was no reason why the interlocutory decree entered by this Court should have categorically answered the question, whether Patent Number 635,280 is a valid patent. My own judgment is that the Bill did not tender that issue, though the issue which was in fact tendered upon the allegations, involved, obviously, conflicting contentions respecting the probative force of that patent or of the earlier patent—its evidentiary effect in supporting the broad claim of the Bill that Christensen obtained a valid grant. It cannot be gainsaid, that, had the decree of this Court recited the ultimate facts relative to the issuance of the two paper documents, and then adjudged that the grant evidenced by the identical claims of the two was valid and infringed, the decree would have been an entirely proper one, and, certainly, more in consonance with the Bill and the record in the case." (Rec. p. 248.)

On petitioner's appeal from this decree to the Circuit Court of Appeals for the Seventh Circuit (No. 2163) the matter was again argued and the position of the District Court was in all things affirmed and a mandate of affirmance issued thereon, said court at the time saying in its opinion dated October 5, 1915, (Rec. p. 44) :

"It is of no moment which of the two patents be held to be in force. The surrender for cancellation of the one was conditioned upon the grant of a valid legal substitute. If the Commissioner of Patents was without authority to issue the second, then, in our judgment his action in cancelling the first must be deemed legally ineffective. * * * * This is a case of a pure clerical error, not of double patenting. While two documents have been issued, there is but a single grant of one and the same right to the same person."

A motion for rehearing was made by petitioner and denied January 3, 1916, and it thereafter applied by petition to this court for a writ of *certiorari*, which was denied February 21, 1916. (Rec. p. 50, 241 U. S. 659.)

The amended bill further alleged notice to petitioner of plaintiff's monopoly right and contract as evidenced by the first or second patent or both and of infringement thereof and also alleged marking by respondents under the second patent (Rec. p. 22). The original bill relied on the second patent only, and the answer thereto did not

raise any question of marking under the second patent (Rec. pp. 26-30). As previously stated, this answer was by order on motion of petitioner allowed to stand as the answer to the amended bill as to certain defenses specified therein and it admitted by not denying the allegations of notice and infringement under the first and second patents and marking under the second patent. The reason why such issue could not be raised in this case by petitioner in view of its previous contracts and acts clearly appears from the testimony taken during the accounting proceedings made part of the record herein and which is commented on hereafter.

(B) THE PITTSBURGH LITIGATION.

After the affirmance of the decree finding the patent valid and infringed and on March 11, 1906, respondents Christensen and the Allis-Chalmers Manufacturing Company commenced an action in the United States District Court for the Western District of Pennsylvania against the Westinghouse Traction Brake Company (hereinafter called the Traction Brake Company) alleging infringement of the contract evidenced by the first and second patents. *No testimony was ever offered in open court and no proceedings were had therein.* Plaintiff Allis-Chalmers Manufacturing Company (the successor to respondent Allis-Chalmers Company) has always been a mere nominal party and plaintiff Christensen through financial inability in 1917 asked and obtained leave to dismiss the case without prejudice and an order was entered in accordance therewith February 24, 1917 (Rec. p. 104). At the same time by counter-motion defendants asked the court for a judgment on the bill and answer holding both first and second patents void. This motion the court denied. (Rec. pp. 101-104.)

The Traction Brake Company then presented to the Circuit Court of Appeals for the Third Circuit a petition for *certiorari* and mandamus asking that court to review the question as to the validity of the second patent as evidence of the grant as the facts appeared solely upon the bill and answer. The Court of Appeals heard the petition and decided that defendant was entitled to judgment on the bill and answer, that two patents could not at the same time evidence the same grant and therefore *as between the two patents only the first patent was valid, and the second patent was invalid.* This decision was made July 3, 1917

(Rec. p. 107, 243 Fed. 901), a mandate issued and a formal decree was entered in conformity therewith by the District Court in Pittsburgh October 1, 1917.

The issues made by the pleadings in the Pittsburgh case were radically different from those in the Wisconsin case in that *inter alia* the averment of marking under the second patent in the bill was denied by the answer. (Rec. p. 68.) In view of that issue the Court of Appeals said the question of which patent was valid was up for decision, as matter of law, on the bill and answer in that case as against that defendant, saying in its opinion:

"That, in addition to the facts thus charged and admitted, (the history of the cancellation of the first patent and the issue of the second) the bill also shows that the *question of validity as between the two patents has become important, because the bill also avers that the plaintiff's machines were marked under the second patent, but contains no such averment as to marking under the first patent—this being a matter that affects the accounting, if the first patent should be adjudged valid over the second. That the dates show that both patents have now expired, although if the first patent continued to be in force it did not expire until several days after the bill was filed. That as no injunction can now issue under either patent, the bill presents only a question of recovery and accounting, so far as these two are concerned.*" (Rec. p. 107.) (Italics ours.)

It is to be noted in passing that that court overlooked the limitation as to the term of the monopoly right being identical under both patents and the effect on the accounting of the question of notice, but decided merely the question of marking, as if there were no such limitations in the bill.

The court then considered the decision in the Seventh Circuit and after quoting therefrom and from Judge Geiger's decision at length said:

"We think it clear that the question now presented was not directly decided in the Seventh Circuit. As the suit there was begun in December, 1906, when both patents were only between 7 and 8 years old, the question which patent was in force was 'academic.' *One or the other was valid, and as the invention was identical the infringer was not harmed by being enjoined under one rather than the other.* In point of

fact the injunction was under the second patent, and this is the decree that was affirmed, although the opinion of the court of Appeals may be thought to lean toward the view that the first patent continued to be in force, and that the second patent had been erroneously granted.

"But while it may be regarded as a matter of indifference under which patent an injunction should be granted, the situation is changed when the question of accounting is presented. The two patents have different dates of expiration, and the question of marking is also to be considered. *We are therefore required now to decide between the two, for confessedly both cannot be valid, and in our opinion the decision should be in favor of the first patent.*" (Italics ours.) (Rec. p. 111.)

Following this the Court of Appeals issued its order (Rec. p. 113) and mandate (Rec. p. 114) reversing the District Court "so far and so far only as it affects" the first and second patents (there being other patents in the bill of complaint) "and the bill is reinstated for further proceedings in conformity with the opinion of this court." *This opinion, it will be noted, upheld the validity of the first patent in view of the issue of the second patent as all the facts appeared in the bill and answer and left all other issues subject to trial and determination by the District Court.*

It is further to be noted that the bill was not dismissed for want of equity as is stated in petitioner's brief on page 2 (see discussions thereof on pages 15 and 16) but the case was left on the calendar and the bill reinstated in so far as the claim for recovery was based on the first patent.

After the filing of the mandate the case was ordered set for trial by the Traction Brake Company without notice to plaintiffs and was called on October 1, 1917. Plaintiffs' counsel having no notice did not appear and Traction Brake Company moved and obtained a decree dismissing the suit as to the first patent for want of prosecution with leave to plaintiffs to apply for setting it aside during the term. The decree on its face stated that it was made because of the doubt by the court as to there having been any notice to plaintiffs. (Rec. pp. 198-9.)

Upon this order coming to the attention of plaintiffs' counsel they were satisfied therewith and permitted it to stand. Defendant Traction Brake Company also made

no attempt to change it. After the expiration of the term defendant Traction Brake Company attempted to plead that decree as *res adjudicata* in an action between the same parties on the same subject-matter pending in the United States District Court for the Northern District of Illinois. (Rec. pp. 201-226.) Becoming satisfied that the decree being one of *non pros.* was not a judgment on the merits and *res adjudicata* they applied to the Pittsburgh court for a decree "finally disposing of all the issues in this cause," (Rec. p. 200) and through misinterpretation of the mandate and by error obtained such a decree on January 7, 1918, in form dismissing the bill as to the first patent on the merits. (Rec. p. 200.)

This decree was entered during the time that Milwaukee and Chicago were isolated by a great storm and because of failure of notice of the application therefor to reach plaintiffs' counsel in Milwaukee. Notice did not arrive until January 7th, when plaintiffs' counsel finally got Pittsburgh on the long distance telephone and ascertained that the decree had actually been entered and the next day filed a petition to vacate the decree. (Rec. pp. 212, 209.) This motion was argued at length and granted. On March 11, 1918 the decree was vacated and another decree entered reinstating and confirming the decree of October 1, 1917, and again dismissing as to the first patent for want of prosecution. (Rec. p. 218.) To this the Traction Brake Company excepted and their exceptions and the rulings of the court are made a matter of record. (Rec. p. 217.) At the same time Judge Orr wrote an opinion giving his reason for vacating the decree of January 7, 1918, on the merits. It is to be noted he said

"that decree is not in conformity with the facts, inasmuch as it states that as to patents Nos. 621,324 and 635,280 the bill of complaint is dismissed on the merits. The merits of the controversy were not considered by the court." (Rec. pp. 214-25.)

Defendant Traction Brake Company then filed in the Court of Appeals for the Third Circuit a further and supplemental petition for mandamus and *certiorari* to review this decree entered by Judge Orr. (Rec. p. 191.) The plaintiffs answered this at length (Rec. p. 219) and the case was later argued before the Court of Appeals of the Third Circuit. The result was an affirmance as shown by the certified copy of the opinion, (Rec. p. 235) and the

Court of Appeals refused to interfere with or in any way reverse the action taken by the District Court.

The result of this entire Pittsburgh litigation is therefore this: The Court of Appeals of the Third Circuit has held that respondent Christensen had a valid patent, that that patent was as to the defendant Traction Brake Company evidenced by the first patent, and therefore, not evidenced by the second, and that as to that defendant the second patent was not valid as evidence thereof, that the respondent's right to recover against the defendant was not affected thereby, and finally, that the bill as to the first patent should stand dismissed for want of prosecution without any hearing on the merits.

(C) ORIGINAL PROCEEDING IN THE COURT OF APPEALS FOR THE SEVENTH CIRCUIT TO DISMISS THE WISCONSIN SUIT.

Petitioners having unsuccessfully applied to the District Court for the Eastern District of Wisconsin for dismissal of the bill conceived the idea that that court had no jurisdiction to entertain the petition that they had made, and therefore, filed an original petition in the Circuit Court of Appeals for the Seventh Circuit.

This original petition (Rec. p. 1) was filed in the United States Circuit Court of Appeals for the Seventh Circuit on August 19, 1918 (almost 3 years after its affirmation of the decree of the District Court for the Eastern District of Wisconsin) and asked that court to assume jurisdiction, to determine summarily the merits of the claim of *res adjudicata*, withdraw its mandate issued in 1914, and summarily dismiss the entire proceeding then pending in the said District Court.

The petition referred to was addressed to the Court of Appeals for the Seventh Circuit and called on its alleged supervisory power over the District Court. Whatever the petitioner may have neglected to call it—and it was careful not to name it too closely—it was really and in essence a petition for a writ of prohibition. It is aptly described by the Court of Appeals in its opinion in the following language:

"And now petitioner comes before us in an original proceeding, asking that we recall our mandate, vacate

our decree, find that the Pennsylvania decree is *res adjudicata* in this case, and thereupon direct the vacation of the Wisconsin decree and the dismissal of the bill on the merits." (Italics ours.) (Rec. p. 257.)

In the verified petition for writ of *certiorari* filed in this court the petitioner therein also describes the petition as "this original proceeding entitled as above, '*National Brake & Electric Company, Petitioners, v. Niels A. Christensen and Allis-Chalmers Company, Respondents*.' An application for an order directing dismissal of bill brought in the United States District Court for the Eastern District of Wisconsin'." (Petition p. 10.)

The same position was unqualifiedly taken in petitioner's brief in support thereof, where it states that it desires the review of "a single and simple proposition of law,—which was made against it in an *original proceeding*, brought by it in said Circuit Court of Appeals." (Italics theirs.) (Petitioner's Brief p. 11.)

Respondents appeared in the said Court of Appeals and made answer to the petition and after an argument the Court of Appeals sustained respondents' contention, and held in the decree now sought to be reviewed by this court that the decree entered August 21, 1914, determined the merits of the controversy between the parties to that particular action, that the term having more than two years expired it had lost jurisdiction thereover. It also said that the decree was final as between the parties and completely terminative of the litigation in so far as it had been presented to and was passed upon by that Court. We bespeak your Honors' careful attention to the close and masterly reasoning of the opinion as the same appears in the Record pages 256 to 263.

To review this denial of said petition a petition for *certiorari* was presented to this court and granted, and the matter is now pending here.

After the granting of the writ of *certiorari* by this court on June 9, 1919, the petitioner filed a further motion in the District Court in Wisconsin to stay the accounting proceedings. This was opposed on the ground that the *certiorari* brought up for review merely the special proceeding in the Court of Appeals, that it was independent of and separate from the equity suit then pending in the District Court in Wisconsin for accounting under the patent. The district Judge sustained this contention, saying:

"It may be conceded as quite elementary that ordinarily the issuance of a writ of certiorari carries with it a supersedeas. But I cannot escape the conviction that the judgment which is the subject of the present proceedings in this court, is not at all affected, either by the petition filed in the Circuit Court of Appeals, nor by the certiorari issued by the Supreme Court. Such petition, filed three years after the Circuit Court of Appeals had exhausted its appellate jurisdiction,—and the latter was the only jurisdiction ever invoked,—is clearly of the nature of an original proceeding, and, in my judgment, particularly in view of the refusal of the Court of Appeals to grant the relief prayed for, reaches neither the judgment nor this court.

• • • •

"It has seemed to me that whatever the character of the petition filed in the Court of Appeals, the situation in this court so far as affected by that petition and its attempted review by the Supreme Court, is no different than if the declared purpose had been to obtain leave of the Court of Appeals to file a supplemental bill in the nature of a bill of review in this court,—based upon the proceedings in the Third Circuit. If in such situation the Appellate Court refused leave, it could hardly be said that a certiorari to its ruling reached the judgment which, under the original mandate then rested in the District Court for exclusive enforcement." (Quoted in full as Appendix A to petitioner's brief in opposition to motion for writ of prohibition herein.)

A similar motion was later made by petitioners in the Court of Appeals and was denied October 7, 1919 for want of jurisdiction.

They then applied to this court for a writ of prohibition or mandamus which was returnable on October 27, 1919, which was denied November 10, 1919.

For further analysis of the original nature of this proceeding we respectfully refer to our brief on file on the motion to dismiss the writ of certiorari and ask that the subject-matter thereof be read in connection herewith as that motion is to be argued at the same time as the argument on the merits.

SUMMARY OF THE VARIOUS LITIGATIONS.

In order that the divers and sundry proceedings, petitions for writs, decrees, etc. may be clearly followed we include a chronology of the three litigations as an appendix to this brief. This it is thought will facilitate an understanding thereof inasmuch as said litigations as they appear in the record are found in different places and are nowhere set forth in the order of time.

OUTLINE OF ARGUMENT.

1. The writ of certiorari should be dismissed for want of jurisdiction.

2. The decree of the Wisconsin District Court of August 21, 1914, as affirmed by the Circuit Court of Appeals of the Seventh Circuit on October 5, 1915 was final and settled the law of the case.

3. The District Courts and the Circuit Courts of Appeal in both Seventh and Third Circuits have found a grant of patent monopoly right in the respondent Christensen for a combined pump and motor and there is no conflict between the circuits.

4. The rights of respondents are identical under the first and second patents. There is no question of want of notice or marking in the Wisconsin case.

5. There is no question of double patenting. Respondent Christensen was concededly granted a valid patent. The only question is an academic one as to the proper method of correcting clerical errors.

6. The rulings in the Pittsburgh litigation in the Third Circuit were not *res adjudicata* here because (a) the issues in the two cases were different, (b) the merits of the controversy in the Wisconsin case were not therein involved or decided, (c) the decisions in the Pittsburgh case were not decisions on the merits and therefore can form no basis for pleas of *res adjudicata*, and (d) there is no privity of parties.

7. There is no decree in the Pittsburgh litigation against respondents or their privies on the merits of the first patent. If privity be assumed, there is a decree in that litigation which is binding on the parties hereto and which upholds the validity of the first patent in view of the issue of the second.

8. In any event this court has power (if it has jurisdiction), if it deems it necessary or advisable to disregard the reference to the second patent or, if necessary, to construe the mandate and decree so as to refer to the monopoly right or contract irrespective of patent numbers or with particular reference to the first patent.

ARGUMENT.

I.

THE WRIT OF CERTIORARI SHOULD BE DISMISSED FOR WANT OF JURISDICTION

Pursuant to the order of this court made on the 17th day of November, 1919, respondents' motion to dismiss for want of jurisdiction was ordered to be argued orally in connection with the argument on the merits. Respondents hereby renew their said motion and in support thereof ask the court to read and consider their printed brief heretofore served and now on file. It is not deemed necessary under the rule to reprint that portion of the argument as it is understood that the court will read the two briefs together. We wish in this connection to add to the case of *Odell vs. F. C. Farnsworth & Co.*, 250 U. S., 501, cited on pp. 9-11 thereof, (the volume being there miscited), the following cases:

H. C. Cook vs. Beecher, 217 U. S., 497.

Briggs vs. United Shoe Machinery Co., 239 U. S., 48.

As to the question of the original nature of the proceeding in the Court of Appeals of the Seventh Circuit as it bears on the jurisdictional questions here, petitioner is *dominus litis*, and the proceeding is to be characterized solely by the mould in which he first cast his petition and the name that he first gives to it, and he is thereby estopped to claim it to be anything else. We wish to cite the following additional authorities thereto:

The Fair vs. Kohler Die & Specialty Co., 288 U. S., 22, 25.

Healy vs. Sea Gull Specialty Co., 237 U. S., 479.

Hanover Milling Co. vs. Metcalf, 240 U. S., 403.

Davis vs. Wakelee, 156 U. S., 680.

Phil. etc. R. R. Co. vs. Howard, 54 U. S., 307.

Railway Co. vs. McCarthy, 96 U. S., 258.

Robb vs. Voss, 155 U. S., 13.

Putnam vs. Day, 22 Wall., 60-67.

II.

THE DECREE OF THE WISCONSIN DISTRICT COURT OF AUGUST 21, 1914, AS AFFIRMED BY THE CIRCUIT COURT OF APPEALS OF THE SEVENTH CIRCUIT ON OCTOBER 5, 1915, WAS FINAL AND SETTLED THE LAW OF THE CASE.

The Decree is Final Both Inherently and as to Time.

The decree and decision in the Seventh Circuit which petitioner seeks to overturn was rendered in the District Court on the 21st of August 1915, and affirmed by the Court of Appeals in October 1915, and antedates by several years the decree in the District Court in Pittsburgh which they now offer to plead in bar. The situation presented is not the one usually presented in which a decree prior in time is offered as terminative of a litigation then pending and undetermined in another circuit. On the contrary it is an attempt to make the Court of Appeals of the Seventh Circuit take jurisdiction, recall a proceeding which has not been in that court for three years, and flatly reverse itself not only as to the questions it has decided, but as to other questions which were not decided by the court in the Pittsburgh litigation.

Such Decrees Repeatedly Held Final By This Court.

The Circuit Court of Appeals in its decisions was entirely right and supported by precedent in holding this decree final in essence though interlocutory in form and time. It is sustained in that conclusion by decisions of this court. One of the first that we have found is

Stovall vs. Banks, 10 Wallace, 583.

A decree which adjudged a sum of money to be due from an administrator to distributees was held a final decree although it contained an added direction that the defendant be allowed credit for the amount of any notes held by him against any of the distributees and that the shares of some of the distributees shall be subject to rat-

able deduction for fees yet unpaid for the collection of notes belonging to the defendant; that such decree being final could be read in evidence in a suit on the administrator's bond, the court stating on page 586:

"Even if the sum decreed was left indeterminate, it was certainly adjudicated that the complainants were entitled to participate in the distribution, and the extent of their interest was defined. . . .

It is not unusual in courts of equity to enter decrees determining the rights of parties, and the extent of the liability of one party to the other, giving at the same time a right to apply to the court for modifications and directions. *It has never been doubted that such decrees are final.* They are all that is necessary to give to the successful party the full benefit of the judgment. In Daniell's Chancery Practice, the effect of allowing the privilege of making such applications to the chancellor, is stated to be no alteration of the final nature of the decree. Says the author, 'A decree with such a liberty reserved is still a final decree, and, when signed and enrolled, may be pleaded in bar to another suit for the same matter.' So in *Mills vs. Hoag*, it was said that 'a decree is not the less final in its nature, because some future orders of the court may possibly become necessary to carry such final decree into effect.' (Italics ours).

In a later case this court ruled just as the Circuit Court of Appeals did here.

Hill vs. Chicago & Evanston Railroad Co., 140 U. S., 52.

In that case plaintiff brought a bill in equity to compel the transfer of certain stock of the defendant and for other relief, suit being brought against numerous defendants, and involving several contracts and transactions. The Circuit Court of the Northern District of Illinois upon the hearing entered a decree June 8, 1885, dismissing the bill against some of the defendants but giving relief to the plaintiff as to other of the defendants and referred the amount to be recovered to a Master. The defendants, against whom the case was thus retained, were the Chicago & Evanston Railroad Co. and its directors. From this decree plaintiff prayed an appeal, which was dismissed because the record was not filed in time. See

Hill vs. Chicago & Evanston Railroad Co. 129 U. S., 170.

The Master took testimony, made his report, and on July 14, 1887, the court entered a decree against the defendant for the sum of \$6513.00 and that all other relief is denied and the bill be dismissed against the other defendants. The case came before the Supreme Court on an appeal from the decree of 1887, the court stating the issue as follows on pages 53 and 54:

"The case is now before the court upon this last appeal, and the question is whether, upon it, any of the matters which were determined by the decree of June 8, 1885, are again open for consideration.

"We are of the opinion that the decree of June 8, 1885, was a final decree within the meaning of that term in the law respecting the appellate jurisdiction of this court, as to all matters determined by it, and that they are closed against any further consideration. It disposed of every matter of contention between the parties, except as to the amount of one item, and referred the case to a master to ascertain that. * * * The rights and liabilities of all the parties were in other respects determined.

"But there was no adjudication as to the payment of the amount to be ascertained by the master; that remained unsettled. It was, however, a severable matter from the other subjects of controversy and did not effect their determination. * * * The decree of June 8, 1885, was appealable as to the matters which it fully determined; so also was the decree of July 14, 1887, as to the severable matter which it involved."

This court held that on this appeal from the decree of 1887, it could not go into the merits of the decree of 1885 as that decree was final, although it should be noted that the defendants not dismissed by the decree of 1885 were still before the court on this appeal of the plaintiff.

In the case of

Lewisburg Bank vs. Sheffey, 140 U. S., 445, this court held a decree which determines the whole controversy between the parties is final for purposes of appeal although the court retained the funds in controversy for the purpose of distribution in a case involving trust deeds, stating on page 452:

"It is there shown that where the entire subject matter of a suit is disposed of by a decree the mere fact that accounts remain to be adjusted and the bill

is retained for that purpose, does not deprive the adjudication of its character as a final and appealable decree.

"It is true, as pointed out by Mr. Justice Field in *Hill vs. Chicago & Evanston Railway, supra*, that an appeal may be taken from a decree in an equity cause, notwithstanding it is merely in execution of a prior decree in the same suit, for the purpose of correcting errors which may have originated in the subsequent proceeding."

It will be seen from this language that the decree holding the Christensen patent valid and infringed is final as to those matters and that a decree entered in pursuance of the Master's report would be merely a decree carrying into effect the prior decree and could only be appealed from, as was held in the Hill case as well, as to matters involving error in the master's determination of damages or profits.

French vs. Shoemaker, 79 U. S., 86, was a case in equity involving leases and contracts, in which the court states on page 98:

"Several cases might be referred to where it is held that a decree of foreclosure and sale of mortgaged premises is a final decree, and that the defendant is entitled to his appeal without waiting for the return and confirmation of the sale by a decretal order upon the ground that the decree for foreclosure and sale is final as to the merits, and that the ulterior proceedings are but a mode of executing the original decree.

"Unquestionably the whole law of the case before the court was settled by the Chief Justice in that decree, and as nothing remains to be done, unless a new application shall be made at the foot of the decree, the court is of the opinion that the decree is a final one, as it has conclusively settled all the legal rights of the parties involved in the pleadings."

In

Bronson vs. La Crosse and Milwaukee Railroad Company, 2 Black 524, 4 U. S., 798, this court held that a decree in a foreclosure suit which ascertains the amount due and directs the land to be sold in default of payment, is a final decree. The case came up on appeal from the District Court of Wisconsin, this court stating on page 803:

"This decree is not final, in the strict technical sense of the word, for something yet remains for the court below to do. But as was said by Chief Justice Taney, in *Forgay et al. vs. Conrad*, (6 How. 203) 'this court has not therefore understood the words '*final decree*,' in this strict and technical sense, but has given to them a more liberal, and, as we think, a more reasonable construction, and one more consonant to the intention of the legislature.' "

The court rested its decision on the ground that when the mortgage was foreclosed and a sale ordered, the merits of the controversy were finally settled, and the subsequent proceedings were simply a means of executing the decree.

Barney vs. Winona & St. Peter Railroad Company, 117 U. S., 228.

In this case the court refused to consider matters considered in its first decision, wherein it reversed the decree of the lower court and sent the case back for a proper computation of the amount of property to which the plaintiffs were entitled before a Master, the court stating on page 231 :

"We recognize the rule that what was decided in a case pending before us on appeal, is not open to reconsideration in the same case on a second appeal upon similar facts. The first decision is the law of the case, and must control its disposition; but the rule does not apply to expressions of opinion on matters the disposition of which was not required for the decision."

This court also said in

Providence Rubber Co. vs. Goodyear, 76 U. S., 778, 801:

"The rights of the parties are settled by the decree and nothing remains but to ascertain the damages and adjudge their payment."

The Courts of Appeal have also held such decrees final.

The federal courts have frequently ruled that a decree of this sort is final for the purposes here in question.

In *Tuttle vs. Claflin et al*, 66 Fed., 7 (C. C. A., 2d Cir.),

a decree was entered finding infringement of a patent and ordering an accounting. The court held on page 8:

"* * * we think the decree has all the essential elements of a final decree, and may properly be treated as such."

In Caballero et al vs. Succession of Criado, 250 Fed., 345 (C. C. A., 1st Cir.)

it was held that under the code finality for purposes of appeal means finality in form as distinguished from finality in substance, the court saying on page 348:

"This was the basis of the decision in *Winthrop Iron Co. vs. Meeker*, 109 U. S., 180, 183, 3 Sup. Ct. 111, 27 L. Ed., 898, a case relied upon by the defendant. There it was held that, as the record disclosed that the merits of the case involved in the litigation had terminated, and nothing remained to be done but to carry what had been decreed into execution, the decree was final."

Jackson vs. Jackson, 175 Fed., 710 (C. C. A., 4th Cir.),

was a suit for partition. The court held that the plaintiff had no title to the property, but retained the bill for the purpose of ascertaining the condition of the accounts between the plaintiff and others. The appellate court held this decree to be final, stating on page 715:

"By the decrees sustaining and overruling the demurrers, and dismissing the bill as to some of the demurrants, every contention raised by complainant was disposed of, except as to the account referred to, and thereby the rights of the parties were ascertained and adjudged."

The Circuit Court of Appeals of the Eighth Circuit held in

Chase vs. Driver, 92 Fed., 780, (C. C. A., 8th Cir.)

as follows:

"A decree is final which terminates the litigation between the parties on the merits of the case, fixes their rights and liabilities and leaves nothing to be done but to execute it, although the case may be referred to a master to state an account, or to determine questions incidental to its execution. *St. Louis I. M. & S. Ry. Co. vs. Southern Express Co.*, 108 U. S., 24, 29, 2 Sup. Ct. 6; *Bank vs. Shedd*, 121 U. S., 74, 84, 85, 7 Sup. Ct., 807; *Hill vs. Railroad Co.*, 140 U. S., 52, 54, 11 Sup. Ct., 690."

The Circuit Court of Appeals of the Ninth Circuit held in

The Eugene, 87 Fed., 1001, (C. C. A., 9th Cir.) that a decree in admiralty awarding a definite sum directing the sale of a vessel and payment of the proceeds into the register subject to the further order of the court, is a final decree.

The following cases hold that a final judgment or determination of a substantial right for which the action is brought is not necessarily the last judgment rendered in the case, and where a court of equity determines the right of the parties to land in question but orders an account for rents and profits, such judgment is final notwithstanding a supplemental judgment may be required on returning the account.

McMurray vs. Day, 70 Iowa, 671; 28 N. W., 476.

Rhodes vs. Rhodes, 172 Ill., 181; 50 N. E., 170.

Standley vs. Roberts, 59 Fed. 836 (C. C. A., 8th Circuit).

In *Long vs. Maxwell*, 59 Fed., 948 (C. C. A., 4th Circuit), there is an opinion by Justice Fuller. A decree for specific performance was rendered during a conveyance to be afterwards presented to the judges for their approval and an appeal was taken from the order approving the conveyance. The court held that the first decree was final and that the court could not consider on the second appeal matters contained therein, but could consider only those matters in the subsequent decree, the court stating on p. 950:

"The reservation for further directions simply related to such execution, and could not be availed of as rendering the decree less final, or leaving open points expressly decided when it was entered."

In *Scott vs. Hore*, 21 Fed. Cases 834, Fed. Cas. No. 12535

the court says, (p. 836):

"* * * Of course it would be exceedingly empirical to hold that a final decree is the order entered last in point of time, in a cause. A final decree is one which finally adjudicates the questions of right and of law involved in a cause, and proceeds to provide with reasonable completeness for the execution of such measures as may be necessary and proper for placing successful suitors in possession of the rights decreed to them."

In *Tornanses vs. Melsing et al.*, 106 Fed., 775, the court held that an order of the District Court taking the possession of property from one claiming ownership but turning the same to a receiver with instructions to work the same as a mine, is, in effect, a final appealable decree although that decree provided that the receiver was to dispose of the proceeds "subject to the further orders of the court," the court stating on page 786:

"* * * * He may prefer to hold it for sale or other disposition; yet, under such orders as are here involved, the operations of the receiver of necessity constantly exhaust the very substance of the property, and may speedily render it absolutely worthless. Surely, the authority, by whatever name called, under which such a result may be wrought, is, in effect, a final judgment. As was said by the Circuit Court of Appeals for the Third circuit in *Potter vs. Beal*, 2 C. C. A. 60, 50 Fed. 860, the determination of the question as to what is or is not a final decree 'is to be governed by the essence of what is done and not by the appellation given to it'."

In the case of

Marian Coal Co. vs. Peale, 204 Fed., 161, 163 (opinion by McPherson, J., who wrote the opinion in the Pittsburgh case), where also "*additional testimony*" besides the accounting was to be taken by the Master, it was held that the decree was while in "*form*" "*rather interlocutory*" yet in truth it was really "*final*."

Other well reasoned cases might be quoted from at length, but as this part of our brief is already quite long, we shall merely refer to the citations:

Linde Air Products Co. vs. Morse Dry Dock & Repair Co., 246 Fed., 834, at 836. (C. C. A. 2nd Cir.)

City of Des Moines vs. Des Moines Water Co., 230 Fed., 570. (C. C. A. 8th Cir.)

De Long Hook & Eye Co. vs. Francis Hook, Eye & Fastener Co., (Cir.), 159 Fed., 292.

Following the decision in the Christensen case the Circuit Court of Appeals of the Seventh Circuit decided *Freeman-Sweet Co. et al. vs. Luminous Unit Co.*, 264 Fed., 107,

in which it reaffirmed its ruling in the Christensen case as to the finality of the decree.

We also call attention to the numerous cases cited by Judge Baker in the opinion herein sought to be reviewed.

The Decree is also Sustainable as the Law of the Case.

We submit that the logic of Judge Baker's decision is sound; that he is supported by the weight of authority, and that the confusion as to the effect of a decree of this kind arises primarily out of the fact that it has frequently been called an interlocutory decree. The mere fact that it is not final in time or form does not make it any the less final in substance. While the Circuit Court of Appeals of the Seventh Circuit held that its prior decree was final in essence and not subject to review, it is not necessary to go that far in order to sustain that decision. The decision is entirely sound and sustainable on the theory of law of the case aside from the question of finality of the decree. Counsel for petitioner argue that the Court of Appeals has confused the law of the case with the rule of finality of decree and rely upon

Messenger vs. Anderson, 225 U. S., 436.

Such is not the case. The doctrine of law of the case and of res adjudicata are but phases of one and the same rule. They are not separate and distinct and independent rules as counsel for petitioners argue. The Messenger case holds the phrase "Law of the Case" as applied to the effect of previous decree on the later action of the court rendering them in the same case, merely expresses the practice of courts generally to refuse to reopen what has been decided, not as a limit to their power.

We claim the rule to be that when a question has been determined by a trial court and affirmed by an appellate court the law of the case is settled in so far as it has been passed on and will not be re-considered on a subsequent appeal. This is a salutary rule and one which has been approved numerous times by this court. True the Messenger case holds that this rule is not a limitation of power. Judge Baker did not decide this case directly on the point that the law of the case had been settled. Concluding as he did that the decree of the Wisconsin court was final for the purposes there under consideration he did not reach any other questions nor discuss the question of the law of the case. The decision sought to be reviewed is so well reasoned and logical that we hesitate to supplement Judge Baker's discussion of that question. We believe, however, that it was not necessary for him to have ruled that the so-called interlocutory decree was final in essence because whether it was final for all purposes or not it was final to the extent that in so far as that court

was concerned it was not obligated to re-open the case to permit proof of a asserted contrary decision elsewhere.

Whether the Circuit Court of Appeals originally was right or not is not important now. Petitioner must show not only that the Circuit Court of Appeals *might* have entertained this petition there, but it must go further and show that the Circuit Court of Appeals *was obliged* to do so. That that court was not obliged to do so is clearly shown by the Messenger case cited in petitioner's brief and by many other decisions.

The general rule is undoubted that upon the second appeal the Appellate Court can consider and determine only those matters that were expressly left open by it for further adjudication or consideration .

This Court has Adhered to the Rule of the Law of the Case.

This court has stated the rule in

Illinois vs. Illinois Central R'd Co., 184 U. S. 77, 91.

On the decision on the first writ of error this court determined certain questions of ownership by the Illinois Central R'd Co. of certain piers, docks and wharves constructed by it on the lake front in the city of Chicago and remanded the case for the purpose of considering the question as to how far those piers, etc., projected into the lake. After the case had been tried the second time and was taken to this court on the second writ of error an attempt was made to review all of the questions involved on the first appeal, and this court said (p. 89) :

"The mandate of this court embodied the above extract from its opinion, and upon the return of the causes to the Circuit Court the parties took additional proof on the single matter so reserved for investigation."

In *Sibbald vs. United States*, 12 Pet., 488, 492, this court said:

"A final decree in chancery is as conclusive as a judgment at law. 1 Wheat., 355; 6 Wheat., 113, 116. Both are conclusive on the rights of the parties thereby adjudicated. No principle is better settled, or of more universal application, than that no court can reverse or annul its own final decrees or judgments, for errors of fact or law, after the term in which they

have been rendered, unless for clerical mistakes, 3 Wheat., 591; 3 Peters, 431; or to reinstate a cause dismissed by mistake, 12 Wheat., 10; from which it follows, that no change or modification can be made, which may substantially vary or affect it in any material thing. * * * * Whatever was before the court, and is disposed of, is considered as finally settled. The inferior court is bound by the decree as the law of the case; and must carry it into execution, according to the mandate. They cannot vary it, or examine it for any purpose than execution; or give any other or further relief; or review it upon any matter decided on appeal for error apparent; or intermeddle with it, further than to settle so much as has been remanded. After a mandate, no rehearing will be granted, and on a subsequent appeal, nothing is brought up, but the proceeding subsequent to the mandate. 5 Cranch, 316; 7 Wheat., 58, 59; 10 Wheat., 443.'

In *Roberts vs. Cooper*, 20 How., 467, 481, this court said:

"On the last trial, the Circuit Court was requested to give instructions to the jury contrary to the principles established by this court on the first trial, and nearly all the exceptions now urged against the charge are founded on such refusal. But we cannot be compelled on a second writ of error in the same case to review our own decision on the first. It has been settled by the decisions of this court, that after a case has been brought here and decided, and a mandate issued to the court below, if a second writ of error is sued out, it brings up for revision nothing but the proceedings subsequent to the mandate. None of the questions which were before the court on the first writ of error can be reheard or examined upon the second. To allow a second writ of error or appeal to a court of last resort on the same questions which were open to dispute on the first, would lead to endless litigation. In chancery, a bill of review is sometimes allowed on petition to the court; but there would be no end to a suit if every obstinate litigant could, by repeated appeals, compel a court to listen to criticisms on their opinions, or speculate on chances from changes in its members. * * * * We can now notice, therefore, only such errors as are alleged to have occurred in the decisions on questions which were peculiar to the second trial.' To the same effect

are numerous cases, some of which are cited in the margin."

In the case of *in re Sanford Fork & Tool Company*, 160 U. S., 247, 255, this court said:

"When a case has been once decided by this court on appeal, and remanded to the Circuit Court, whatever was before this court, and disposed of by its decree, is considered as finally settled. The Circuit Court is bound by the decree as the law of the case."

The Various Courts of Appeal Uphold the Law of the Case.

The Circuit Courts of Appeal had previously laid down and adhered to this general rule in no uncertain terms. It is said in

Standard Sewing Mach. Co. vs. Leslie, 118 Fed., 557 (C. C. A. 7th Cir.):

"To solve the questions presented by the remaining assignments, it is necessary to understand the former decisions in this cause; for it is a familiar and entirely righteous rule that a court of review is precluded from agitating the questions that were made, considered, and decided on previous reviews. The former decision furnishes 'the law of the case' not only to the tribunal to which the cause is remanded, but to the appellate tribunal itself on a subsequent writ or appeal. *Roberts vs. Cooper*, 20 How., 467, 481, 15 L. Ed., 969: 'There would be no end to a suit if every obstinate litigant could, by repeated appeals, compel a court to listen to criticisms on its opinions, or speculate on chances from changes in its members.'"

The following cases in that court clearly substantiate this general rule:

Supreme Lodge, etc. vs. Lloyd, 107 Fed., 70, (C. C. A., 7th Cir.)

Cable vs. U. S. Life Ins. Co., 111 Fed., 19-32 (C. C. A., 7th Cir.)

In *Western Union Telegraph Co. vs. City of Toledo*, 121 Fed., 734, 736 (C. C. A., 6th Cir.) the court used the following language:

"Much argument is expended with a view to induce the court to modify its former decision. But this ought not to be expected. That decision became the law of the case upon all the questions determined

thereby; and, whatever may be our power in that regard, considering that the former decision was upon an order granting a preliminary injunction, it is our duty to adhere to the determinations there made. Otherwise they would remain continually open. *Stoll vs. Loving* (a case lately decided by this court), 120 Fed., 805." See also

Halcy vs. Kilpatrick, 104 Fed., 647 (C. C. A., 8th Cir.)

Stoll vs. Loving, 120 Fed., 805 (C. C. A., 6th Cir.)

The rule as to the law of the case applies equally to all decrees. If the appeal be from an interlocutory decree the judgment rendered is no less the law of the case than if the appeal be from the final decree. The rule is thus stated in 4 C. J., 1104:

"Questions decided on appeal from an interlocutory decree will not be reconsidered on appeal from the final decree, and when no new questions are presented on appeal from a final decree that were not fully considered and settled on appeal from an interlocutory decree, the decree must be affirmed."

In *Brown vs. Lanyon Zinc Co.*, 179 Fed., 309 (C. C. A., 8th Cir.), the court speaking through Van Devanter, C. J., held that the decision on an interlocutory decree in a patent case was the law of the case and was not subject to further review. Speaking of the question of infringement at page 310 of the decision he said:

"That ruling turned upon the interpretation of the claim in suit and is now a part of the law of the case, whether it was right or wrong."

The extent to which the courts have gone, and properly gone, in upholding this rule is shown in

Mecanno vs. John Wanamaker, 250 Fed., 250 (C. C. A. 2d Cir.)

In that case the court squarely took the position that a so-called interlocutory decree finding the patent valid and infringed became after affirmance by the appellate court a final decree and as such was no longer subject to be questioned anywhere throughout the litigation. The question arose in that case through a motion made "for a decision on the merits" after the plaintiff had applied for a patent and injunction. An interlocutory decree had previously been obtained in another circuit and affirmed

on appeal and that formed the basis for the motion on the theory that it had thus become a final adjudication. In disposing of this motion the court at page 252 said:

"We further disregard the objection that the Ohio decree is still only interlocutory, and therefore under general principles cannot in any event constitute an estoppel. How far this rule may be changed when there has been a decision upon an appeal from such a decree, and the cause has been remanded to the district court, we do not say. The reason for the rule limiting the conclusiveness of interlocutory decrees does not apply; i. e., that the decree still remains in gremio, since the District Court has no longer any power to modify so much as has been affirmed by the Circuit Court of Appeals. For the purposes of this motion, we may assume that, as far as concerns the matters before the Circuit Court of Appeals, the issues have been finally and conclusively determined."

The question raised by this motion was as to which shall be paramount, the decision of the Circuit Court of Appeals of the Seventh Circuit in affirming the decree of August 21, 1914, or the decision of the United States Court for the Western District of Pennsylvania, of October 1, 1917.

The Ellis Case in this Court is an Exact Parallel.

The exact question thus raised has been raised and decided in the case of

Ellis vs. Northern Pacific Railroad Company, affirmed by this court as *Northern Pacific Railroad Company vs. Ellis*, 144 U. S., 458. In that case plaintiff brought an action to quiet title and was met with a demurrer. On appeal to the Supreme Court of Wisconsin a decision was rendered sustaining the demurrer and the case was remanded for further proceedings. Thereupon plaintiff moved for leave to file a supplemental complaint and to plead a judgment that had subsequently been obtained in the Federal Court for the Western District of Wisconsin which adjudicated the same questions between the said parties, and upon the matter again coming to the Supreme Court of Wisconsin for review it was held that the previous decision on demurrer settled the law of the case and that that could not be changed or affected by

pleading the other judgment in bar. A writ of error was thereupon sued out to this court to review this decision and the decision was affirmed. Chief Justice Fuller, speaking for the court in that case, said:

"The judgment before us was rendered in accordance with well-settled principles of general law, not involving any Federal question, and did not deny to the decree of the Circuit Court the effect which would be accorded under similar circumstances to the judgments and decrees of the state court."

The Federal Courts have adhered to the rule of the law of the case in the same way that the state courts have and there are earlier decisions in the same circuit to that effect—thus,

Standard Sewing Machine Co. vs. Leslie, 118 Fed., 557 (C. C. A., 7th Cir.)

Supreme Lodge etc. vs. Lloyd, 107 Fed., 70 (C. C. A., 7th Cir.)

Cable vs. United States Life Insurance Co., 111 Fed., 19-32 (C. C. A., 7th Cir.)

Standard Elevator Co. vs. Crane Elevator Co., 76 Fed., 767, 768, 769. (C. C. A. 7th Cir.)

Featherstone vs. Machine Co., 80 Fed., 918, 920. (C. C. A. 7th Cir.)

Some of the recent decisions are:

Orcutt & Son Co. vs. Nat'l Trust & Credit Co., 265 Fed., 267 (C. C. A., 7th Cir.)

Bodkin vs. Edwards, 265 Fed., 261 (C. C. A., 9th Cir.)

Whitfield vs. Hauges, 266 Fed., 69 (C. C. A., 8th Cir.)

Where, however, a case comes to the Supreme Court of the United States on certiorari from a final decree from a court of appeal the whole record being before that court for the first time the decision of the court of appeals on the intermediate appeals cannot be said to have settled the law of the case for the Supreme Court. In one of the recent cases discussing this very phase this court has indicated that the doctrine of the law of the case is a proper and salutary rule and that while it may not be based on want of jurisdiction to act it is based upon the same principles of jurisprudence which underlie all the doctrines of *res adjudicata*, i. e., a proper unwillingness to unsettle by re-litigation the things already settled—*stare decisis et non quicquid movere*. The rule has been by the cases aforesaid completely settled as a sound and salutary

rule of practice. *Messenger vs. Anderson*, 225 U. S., 436.

The true standing of the rule of the law of the case is very well summed up by Judge Denison in the case of

Chesapeake & O. R. Co. vs. McKell, 209 Fed., 514
(C. C. A., 6th Cir.),

where he says:

"We find no occasion to doubt the abstract power of an appellate court, upon a second review, to reach a result inconsistent with its decision on the first review of the same case (*Messenger vs. Anderson*, 225 U. S., 436, 444, 32 Sup. Ct., 739, 56 L. Ed., 1152); but this is a power to be exercised very sparingly, and only under extraordinary conditions. The practice that such a decision be treated as the law of the case, to be followed by the appellate court itself as well as by the trial court, is most salutary, and its violation (save in rare exceptions) would intolerably unsettle all litigation. Such practice, indeed, 'is necessary to enable an appellate court to perform its duties satisfactorily and efficiently.' *Great Western Co. vs. Burnham*, 162 U. S., 339, 344, 16 Sup. Ct., 850, 40 L. Ed., 991."

The basis of these decisions clearly is that the Circuit Court of Appeals was not compelled, as petitioners' counsel would have us believe, to follow the judgment and decree of the courts of the Third Circuit at this stage of the proceeding. This court should in accordance with settled principles and practice refuse to do so and adhere to its position as to the law of the case, which practice has been definitely approved and settled by this court in the cases just cited as well as

Great Western Telegraph Company vs. Burnham,
162 U. S., 339.

The rule of estoppel by judgment has been well stated to be an estoppel against a "re-investigation" of issues once litigated and determined by a court of competent jurisdiction. 23 Cyc. 1553. This presupposes an attempt to investigate and litigate the questions involved in the judgment sought to be pleaded in bar. That rule cannot apply here because we are not seeking to investigate or re-investigate any questions that were litigated in the Pittsburgh case. Consequently there is no room for an estoppel. The plea of *res adjudicata* is but one branch of the law of estoppel and when the rule of estoppel fails the plea of *res adjudicata* likewise fails.

Cessante ratione legis cessat ipsa lex.

The time to plead and prove an estoppel is prior to the adjudication on the merits of the controversy concerning which the estoppel is said to apply. We cannot now in the Wisconsin suit investigate the merits of the question of the validity of infringement and kindred questions related thereto, we as well as the petitioner, have had our day in court on those questions and neither of us can go into them further.

The Hart Case not in point.

This foundation of the rule shows why the case so much relied on by petitioner's counsel, to-wit:

Hart Steel Co. vs. Railroad Supply Co., 244 U. S., 294,

does not apply. In that case a judgment had been obtained that was pending on appeal in the Court of Appeals for the Seventh Circuit. Prior to its being reached for argument a final judgment had been obtained and affirmed in the Sixth Circuit between privies to the first litigation upon the identical issues, involving identically the same subject matter, and between parties confessedly in privity. A carbon copy of the record in one case constituted the record in the other. The active infringement in each case was a sale by the defendant in the Seventh Circuit case, of a tie plate made by the defendant in the Sixth Circuit case. In this situation a motion was made before the Circuit Court of Appeals of the Seventh Circuit to affirm and follow the decision in the Sixth Circuit and it was held that it should so do. It is to be noted at the outset that that court in that case at the time the motion was made had not passed upon, considered or in any wise decided any of the issues involved in the litigation then pending before it. It had laid down no law of the case and it was at liberty to adopt the decision in the Sixth Circuit, or any other decision, without doing violence to or in any wise affecting any judgment that it had entertained or made. As far as the matter was concerned as to that court it was *res nova*. We submit, therefore, that that decision forms no warrant or precedent for such an action as is now attempted by petitioners here and is in entire consonance with the authorities that we have cited, holding that the court in the Seventh Circuit was bound by its own decision as the law of the

case and should not have receded therefrom or reversed itself merely because some other co-ordinate court may have come later to some different conclusion on some phase of kindred litigation.

Granting Petitioner Relief Purely Discretionary.

The Circuit Court of Appeals for the Seventh Circuit did not re-open the case and its opinion indicated its conclusion that it could not. Whether it could or not is wholly academic so long as it did not. It was good practice for it to consider the law of this case settled and it followed this practice. It was purely discretionary for that court to refuse to entertain a bill of review, either because of petitioner's laches or otherwise, and petitioner has shown no abuse of discretion.

No Waiver of Right in the Pittsburgh Case.

On pages 55 to 57, inclusive, of petitioner's brief counsel present a disingenuous argument. They say that if the decree in the Wisconsin case was final it could have been pleaded as *res judicata* in the Pittsburgh litigation. They say that we waived this defense by not pleading it at Pittsburgh. So far they concede for the sake of the argument that the Wisconsin decree was final. They then argue that having failed to plead it at Pittsburgh that decree became final and is now now *res judicata* as against the Wisconsin decree. From this they argue the Wisconsin decree must give way. Clearly this argument is a fallacious *non sequitur* in that it first concedes the Wisconsin decree to be final and then assumes that it is not. If it was a final decree to the extent of being pleadable as a bar at Pittsburgh and we failed to take advantage of that fact the result simply is that we have inconsistent final decrees. Assuming the Wisconsin decree to be final, they would make the Pittsburgh decree "super-final." We are not required to maintain, nor was the Circuit Court of Appeals required to maintain that the Wisconsin decree was final for all intents and purposes. As Judge Baker so ably says, "It was not final in time" or final for purposes of appeal, etc. It is sufficient that it was final in essence and final in so far as it determines the questions involved in so far as the particular litigation is concerned.

The Potts Case Distinguished.

Counsel indulge in a long discussion of the history and effect of the decision in the Potts cases, 155 U. S., 597, and 166 U. S., 263, and arrive at the conclusion that the Potts cases conclusively show that this decree was interlocutory and not beyond the power of the Circuit Court of Appeals to disturb. They come to this conclusion because a new trial was allowed after the time when a rehearing might have been granted under Rule 88. This rule read as follows:

"No rehearing shall be granted after the term at which the final decree of the court shall have been entered and recorded, if an appeal lies to the Supreme Court, but if no appeal lies the petition may be admitted at any time before the end of the next term of the court in the discretion of the court."

We do not understand that Judge Baker understood the Potts cases to hold this decree to be final within the meaning of this rule. His opinion clearly and succinctly draws a distinction between finality so far as procedural questions are concerned and finality in essence.

The most favorable aspect of the Potts cases so far as petitioner's position is concerned is that the Supreme Court there granted leave for an application to be made to the lower court for a rehearing after it had once ordered a decree similar to the decree in this case and after the statutory time had passed for a rehearing on a final decree. There is no discussion in the opinion and it does not appear that the point was raised that its previous decision settled the law of the case, nor is the finality of the decree discussed. We think that if these points had been raised and presented and logic similar to that contained in the decision of the Circuit Court of Appeals had been presented, this court would have ruled as did Judge Baker. But even if this had been considered, there is nothing in the Potts cases to indicate in any way that the Circuit Court of Appeals was not right in refusing to re-open the case. There is nothing in the Potts cases to suggest that this court might not have refused to grant a rehearing.

The Sole Procedure authorized by the Potts Case is not a Rehearing but a Petition for Leave to File in the Lower Court a Supplemental Pleading.

The statement that counsel make in their brief that

their application to the Circuit Court of Appeals of the Seventh Circuit was a motion for rehearing and that the procedure in the Potts case was likewise a motion for rehearing, is clearly erroneous. A rehearing is an application to a court having a matter *pending before it* to retry the matter upon *the then record*. All of the tests of a rehearing fail in this case: (a) There was no matter then pending in the Court of Appeals for the Seventh Circuit or in the Supreme Court in the Potts case; (b) the case was pending in a subordinate tribunal, to-wit: the District Courts of Wisconsin and Ohio respectively; (c) the relief prayed was not for a re-examination of the issues as originally presented to the appellate tribunal in either case and therefore neither of these motions had any of the indicia of rehearings.

The only procedure warranted by the Potts and kindred cases is a petition to the appellate court for leave to file a motion in the trial court for a reopening of its decree and for leave to serve and file a supplemental answer setting up the asserted res adjudicata in another circuit as a plea in bar and asking for a hearing thereon.

The history of the litigation as set out in

Potts vs. Creager, 97 Fed., 78, 79, (C. C. A., 6th Cir.),

shows that the plaintiffs in that case pursued exactly the course above indicated. They applied to this Court for leave to file a petition in the Circuit Court of Ohio wherein the case was then pending, on the ground of newly discovered evidence. Having obtained this leave from this Court, they in turn asked the trial court for leave to make their motion there, and on its being granted made the motion and filed their supplemental pleading.

The rule of practice as outlined above as laid down in the Potts and kindred cases governs the practice in the various courts of appeal and inferior courts. The whole question of procedure and jurisdiction is carefully and exhaustively reviewed in

In re Gamewell etc. Co., 73 Fed., 908, (C. C. A., 1st Cir.),

and the whole matter is admirably summed up in the syllabus as follows:

1. A decision by a federal appellate court finally settles as the law of the case everything which was before the court and was disposed of by it, so that after it the court below has no power to entertain a supplemental bill in the nature of a bill of review, based on newly-discovered evidence, unless such right is reserved, or permission given in the mandate.

2. A federal appellate court may ordinarily entertain an original petition for leave to file, in the court below, a bill of review, or a supplemental bill in the nature thereof, even when the application is made after the rendition of judgment by the appellate court, after the going down of the mandate, and after the close of the term at which the judgment was entered.

3. Upon the filing of such a petition two questions ordinarily arise: First, that of the materiality of the alleged new matter; and, second, that of laches. The question of materiality is mainly and ordinarily for decision by the appellate court; but the question of laches should ordinarily be left to the court below, which is apt to be more fully acquainted with the facts bearing on that question. In case the petition is granted, therefore, the usual order will be that the petitioner have permission to apply to the court below for leave to file further pleadings.

This court has flatly held that such petitions are not granted as matters of right but are addressed to the sound discretion of the court and that the appellate court must consider

"questions of two classes (that) arise on the face of this petition, first, that of the materiality of the alleged new matter, and second, that of laches."

Rubber Co. vs. Goodyear, 9 Wall. 805.

The following cases uphold the practice outlined above:

Firestone Co. vs. Sciberling, 245 Fed. 938. (C. C. A. 6th Cir.)

Greene vs. U. S. etc. Co., 124 Fed. 961. (C. C. A. 1st Cir.)

Boston etc. Co. vs. Bemis, 98 Fed. 121.

Bank vs. Taylor, 53 Fed. 854, 866.

Dibbert vs. Metropolitan I. Co., 158 Wis. 69, 80.

1 *Whitehouse Equity Practice* (1915) 659.

From the foregoing decisions, it is apparent that the Court of Appeals of the Seventh Circuit was without power to grant to petitioner the relief prayed by its original petition and that the utmost that it could do would be to grant leave to make a motion in the District Court for the Eastern District of Wisconsin for leave to file a supplemental answer, but petitioner made no such application and consequently has no right to achieve such results. This fact alone was and is fatal to petitioner's contention and requires a denial thereof. It follows therefore that the petition for certiorari to this court should be denied.

The Proceeding in the C. C. A. for the Seventh Circuit is an Original Proceeding, not an Application for a Rehearing.

It takes considerable temerity for counsel for petitioner now to claim that the original proceeding started by them in the Court of Appeals for the Seventh Circuit is a motion for rehearing. This case comes before this court upon certiorari. In asking for that certiorari petitioner's counsel made the following appeal:

"This petition for a certiorari to the Circuit Court of Appeals for the Seventh Circuit is based, as the petition sets forth, upon what the petitioner believes to be an erroneous decision on a single and simple proposition of law,—which was made against it in an *original proceeding* brought by it to said Circuit Court of Appeals." (Petitioner's brief in support of petition for certiorari, p. 11.) (Italics theirs.)

The brief is replete with similar statements and the verified petition itself makes a similar allegation on page 10 thereof.

We claim therefore that not only does the nature of the proceeding itself, as shown from an inspection of the original petition addressed to that court demonstrate that it was an original proceeding therein, but that because of their statements and claims to this court they are now estopped from claiming otherwise. They cannot claim that it is an original proceeding and therefore final so as to ask this court to review it by certiorari, and then when this writ is granted turn about and claim that it is a re-

bearing and ask the court to consider points of law in that vitally different aspect.

The brief filed by us on the motion to dismiss goes into and analyses this question very carefully and we bespeak the court's reading thereof in this connection.

III.

THE DISTRICT COURTS AND THE CIRCUIT COURTS OF APPEAL IN BOTH SEVENTH AND THIRD CIRCUITS HAVE FOUND A GRANT OF PATENT MONOPOLY RIGHT IN THE RESPONDENT CHRISTENSEN FOR A COMBINED PUMP AND MOTOR AND THERE IS NO CONFLICT BETWEEN THE CIRCUITS.

The Decisions Analyzed.

The analysis of the decisions in the Seventh Circuit shows beyond any doubt or cavil that both the Circuit Courts of Appeal and the District courts found respondent Christensen had a valid patent, and that it was evidenced by the first or second patents indifferently. The analysis of the decisions of the courts in the Third Circuit show that it also found that respondent Christensen had a valid patent, although it found in addition that as regards that particular defendant for the purposes of accounting, the second patent was not a valid evidence of the grant. That Court of Appeals not only upheld the patent and the right to recover, but expressly stated that it did not differ from but was in full harmony with the decision in the other circuit. The decision in the Seventh Circuit was rendered first. The decision in the Third Circuit refers to that in the Seventh Circuit in the following language:

"We think it clear that the question now presented was not directly decided in the Seventh Circuit. As the suit there was begun in December, 1906, when both patents were only between 7 and 8 years old, the question which patent was in force was 'academic.' One or the other was valid, and as the invention was identical the infringer was not harmed by being enjoined under one rather than the other. *In point of fact the injunction was under the second patent, and this is the decree that was affirmed, although the*

opinion of the Court of Appeals may be thought to lean toward the view that the first patent continued to be in force, and that the second patent had been erroneously granted.

"But, while it might be regarded as a matter of indifference under which patent an injunction should be granted, the situation is changed when the question of accounting is presented. The two patents have different dates of expiration, and the question of marking is also to be considered. We are therefore required now to decide between the two, for confessedly both cannot be valid, and in our opinion the decision should be in favor of the first patent." (Italics ours.) (Rec. p. 111.)

In this connection it will be noted that that court did not consider the allegations of (a) notice of claim of infringement in the bill as to both patents and (b) that the monopoly granted to respondent Christensen as evidenced by both patents expired at the same time, to-wit: March 21, 1916, and that relief, injunctive or otherwise, was only asked for the period expiring March 21, 1916, ten days after the bill was filed in that court.

This *lapse* may well have been occasioned because these allegations were controverted in the answer and therefore not before that court on the motion for judgment on bill and answer only.

Following this opinion the Court of Appeals for the Third Circuit issued its order (Rec. p. 113) and mandate (Rec. p. 114) reversing the District Court "so far and so far only as it affects" the first and second patents (there being other patents in the bill of complaint) "and the bill is reinstated for further proceedings in conformity with the opinion of this court." As a result, the litigation in the court below was to continue on the first patent, and not invalidated by the issue of the second patent, that matter having been adjudicated by the Court of Appeals but leaving open defenses as to the merits of the first patent as stated in that opinion as

"available under its (Traction Brake Company's) answer with the same effect as if the bill had been originally brought under the first patent," and that court did not decide the questions "(1) whether, in view of the date when the bill was filed, the remedy in equity was open to the plaintiffs; or upon the question (2) to what extent the petitioner is liable

to account in case the equitable remedy be adjudged to have been available, and the petitioner be found to have infringed." (Rec. p. 112.)

In this connection we again call the attention of the Court to the fact that the decision of the District Court reviewed by the appellate court in the third circuit was defendant's motion for judgment on the record as to both the first and second patents (Rec. p. 99). That motion being

"as to patents Nos. 621,324 and 635,280, all the facts necessary to judgment are already in the record and in the bill of complaint and in admissions of the answer. Nothing is left except the judgment upon the legal points involved."

The Court of Appeals decided that on those facts the first patent was valid otherwise it must have granted their motion. It reinstated the case and remanded it for further proceedings on the first patent thereby expressly and necessarily recognizing and adjudicating its validity in view of the issue of the second patent. This analysis of the two litigations clearly shows the diversity of issues between the two and the extremely limited issues that were presented to and decided by the Courts in the Third Circuit. The decision in the Wisconsin case was upon the merits of respondent Christensen's patent and contract right and its infringement. The decisions in the Third Circuit were solely on evidentiary questions, i. e., which patent evidenced the grant. That Circuit, the same as the Seventh Circuit, upheld the existence and validity of the grant. Both courts of appeal have upheld the grant, the Court in the Seventh Circuit upon the record involving the entire merits thereof, the other court upon a limited record involving the validity in view of the issuance of the second patent. There is no conflict between them and so far as each goes it corroborates the decision of the other.

This view was specifically set forth and elaborately analyzed in the opinion of Geiger, J., on petitioner's motion to dismiss in the District Court in the Eastern District of Wisconsin. See his exhaustive analysis Record pp. 242 et seq. He states the reason for his original decision and why the second patent was mentioned in the decree as a matter of convenience only, thus:

"It may be well at this point to recur to the views entertained by this Court on the original hearing. The real question was conceived to be, whether

Christensen had obtained a monopoly grant from the Government, no matter how evidenced, provided only the evidence, such as it was, should, in the aggregate show a compliance with the Patent Laws."

IV.

THE RIGHTS OF RESPONDENTS ARE IDENTICAL UNDER THE FIRST AND SECOND PATENTS. THERE IS NO QUESTION OF WANT OF NOTICE OR MARKING IN THE WISCONSIN CASE.

Notice and Marking were not in Issue.

Whatever may be the situation as to the want of marking and notice in the Pittsburgh litigation, no such question exists in the Wisconsin litigation. That is one of the sharp distinctions between the two actions, and we are here concerned with the respondent's rights in the Wisconsin litigation only. Both courts in the Seventh Circuit have passed upon and adjudicated the validity of both patents in view of the prior art. That decision has been reached on the amended bill and answer, raising the identical issues as to each patent and upon the order herein before referred to entered at the request of and on the motion of petitioner, which order not only restated the identity of the issues but consented that the trial and determination be had on the record as made. We have heretofore set out in the statement of facts with a fair degree of detail the way in which the issues were made up.

It will be noted that there is no denial in the original answer nor in the order directing it to stand as the answer to the amended bill of the allegation of notice of respondent's rights under the first patent or of its claim of infringement, and furthermore that the defenses to the first patent are expressly said to be and enumerated in the said order and are limited to "novelty, patentability, validity and infringement." THEREFORE THE MATTERS OF NOTICE AS WELL AS OF MARKING WERE BOTH UNDENIED AND THEREFORE ADMITTED OF RECORD AND WERE NOT IN ISSUE, AND OBVIATED ANY NECESSITY OF INTRODUCING PROOF THEREON.

This was the state of the record at the time of the rendition of the decree finding validity and infringement of

August 21, 1914, and because of that situation that decree properly ordered an accounting for damages and profits and that was affirmed by the Court of Appeals.

The issues as tendered by the amended bill, and made by the answer, and as tried before the District Court and Court of Appeals were as to plaintiff's contract or grant of patent monopoly right as evidenced indifferently by the first or second patents, and the validity of both of those patents was brought in issue and determined. Not only that, but the validity of both of these patents was tried on an identical record and a record which was brought into the case as applying equally to the first patent by petitioner's own motion and election, as it asked for and obtained an order that the answer filed as to the second patent should stand as to the first patent and that the record made in support of the second patent should stand as to the first patent. It was on the record as thus made up that the whole issues were submitted to and determined by the District Court and the Circuit Court of Appeals of the Seventh Circuit.

In view of the record thus made and petitioner's own election and the adjudications in the District Court and Court of Appeals following thereon, petitioner is estopped from claiming that no opportunity has been given it to answer or question the existence and validity of the first patent or to ask for an opening up of the record and a new trial where the record has once been completely made applicable to the first patent by its own motion, and two courts have acted thereon and have considered and decided the entire subject-matter thereof. Respondents relied on the record thus made up and went to trial thereon and have since proceeded and spent two and one-half years of time and large sums of money in an elaborate accounting which is all but completed at the present date.

Not only has the petitioner had his day in court as to the existence and validity of the first patent and that on a record of its own making, but it has also litigated the same question in the Court of Appeals of the Third Circuit which rendered a judgment adverse to it thereon.

Not only would an opening up of the issues be manifestly unfair to respondents but it would produce no different result. The questions of marking or notice were never in the case as issues as the record made by petitioner hereinbefore referred to demonstrates. Petitioner has admitted those allegations and respondents have relied

thereon. The record demonstrates that it was always impossible for petitioner to have denied the allegations of notice and marking.

As sustaining our contentions as to estoppel we cite the following authorities:

Davis vs. Wakelee, 156 U. S., 680.

Railway Co. vs. McCarthy, 96 U. S., 258.

Sullivan vs. Colby, 71 Fed., 460 (C. C. A., 7th Cir.).

In the last case the Court, speaking through Woods, Circuit Judge, said:

"Any confession or admission made in pleading in a court of record, whether it be express or implied from pleading over without a traverse, will forever preclude the party from afterwards contesting the same fact in any subsequent suit with his adversary."

Mootry vs. Grayson, 104 Fed., 613, 619 (C. C. A., 9th Cir.)

Oakland Sugar Mill Co. vs. Wolf Co., 118 Fed., 239, 248 (C. C. A., 6th Cir.)

Western U. T. Co. vs. Thompson, 144 Fed., 578 (C. C. A., 5th Cir.)

A most fitting summary and conclusion to our argument upon the question of estoppel to be found anywhere in the books is in

Putnam vs. Day, 22 Wall., 60-67, 22 Law Ed., 764, 765 (1875).

Here the Court, by Mr. Justice Bradley, speaking upon this very question, said:

"The complainant in the bill filed below failed utterly, we think, to make out a case of fraud, mistake or want of authority on the part of his solicitors and counsel in *filing the pleadings in the original suit, and taking the ground they did on his behalf*. Of course fraud is not charged; but the complainant relied on the fact that he never saw the answer or cross-bill, and did not know their contents. This is no ground for allowing him to repudiate them now. It is not alleged that he would have placed his defense on any different ground had the answer and cross-bill been read by him. *Indeed, they were drawn in pursuance of the advice received from his counsel and acquiesced in by him*. His not having sworn to his answer, or even read it, is no excuse. It was his duty to have known its contents, if not to have verified it. *If his counsel,*

failed to make as good a defense for him as they might have done, it was his misfortune and cannot be rectified after the passing of the decree. Litigation would never come to an end if parties were permitted thus to shift their entire ground of attack or defense, after finding where the pinch of the cause lay. They must be stopped by the record, unless they can show that they were the victims of fraud or mistake." (Italics ours.)

Notice is a Complete Equivalent of Marking.

There is no merit in the contention of petitioner that the question of marking or notice is different under the first patent from what it is under the second patent and this for many reasons. The statute, sec. 4900 U. S. R. S., provides it shall be the duty of the patentee to mark with the date and year of the patent and that in event of failure so to do

"no damages shall be recovered by the plaintiff, except on proof that defendant was duly notified of the infringement and continued after such notice to make, use or vend the article so patented." (Italics ours.)

From the language of the statute it is clear that notice is a complete alternative to marking and as we will show, there has been ample notice to defendant in every possible way, and even were we restricted to notice of the first patent, yet Judge Geiger has held that defendant is "one who has not been injured or misled." (Rec. p. 34.)

It is Too Late to Raise the Question of Want of Notice, etc.

The petitioner cannot claim want of notice on the present state of the record because that question has not been raised by the pleadings nor by the petitioner and it is

"too late for the defendant to raise the point before the master. They were concluded by their previous silence and must be held to have waived it."

Rubber Co. vs. Goodyear, 9 Wall., 788, 801.

Tuttle vs. Claffin, 76 Fed., 227 (C. C. A., 2d Cir.)

Anderson vs. Saint, 46 Fed., 760, 765.

Pettibone etc. Co. vs. Pennsylvania Steel Co.,
134 Fed., 883.

One of the many reasons underlying this salutary rule is that the question of marking and notice goes to the existence of an accounting. If there be an absence of both of these requisites then the decree granting the injunction should cease with that and not refer it to a master for an accounting. In other words at the time of the entry of that decree the question should have been presented to and decided by the District Court as to whether any accounting was necessary.

A. D. Howe Machine Co. vs. Dayton, 210 Fed.,
801 (C. C. A., 4th Cir.)

Metallic etc. Co. vs. Brown, 104 Fed., 345, 354
(C. C. A., 8th Cir.)

Petitioner had Abundant Notice of Both Patents.

Petitioner cannot successfully claim that it did not have notice of respondent's rights under both first and second patents. In order to consider this question completely further reference to the record and testimony in the Wisconsin case is necessary. Respondent Christensen commenced the manufacture and sale of motor compressors at and prior to the time of his application for letters patent, which application was filed Dec. 30, 1896 (Rec. p. 108), and he was interested as a minority stockholder in and lessee of Christensen Engineering Company, later National Electric Company. The chief stockholder in this company was Frank G. Bigelow, president of the First National Bank of Milwaukee, who about 1905 defaulted and was convicted of embezzling large sums of money from that bank, and his crash solely precipitated the National Electric Company into bankruptcy. R. P. Tell has since the organization of the petitioner always been its active executive officer, has held the titles of general manager, vice-president, and president, and as such at all times has been in active charge of all its affairs. The assets of the old National Electric Company were through the instrumentality of said R. P. Tell, former vice-president and general manager of National Brake Company and assistant to the receiver in bankruptcy (Rec. p. 140) sold at bankruptcy sale and purchased by one of

the Westinghouse interests which organized and took title in Wisconsin Brake & Electric Company, a Wisconsin corporation. This company held the property for a month and four days and then later transferred it to the petitioner, National Brake & Electric Company, which has operated it ever since, said Tell being in active control at all times (Rec. pp. 135, 140, 141, 156, 157, 159) Record on former appeal No. 2163, pp. 40 and 41). The result of the bankruptcy proceedings was to annul the license agreements and they were reassigned to respondent Christensen and upon the purchase of the property by the Wisconsin Brake & Electric Company he licensed that company under his patents, including the first patent by number 621,324, and also by its serial number 617,464 (Exhibits 65, 88, 86, 74 and 83, Rec. pp. 184-190. See history thereof, Rec. p. 182). Tell knew of the existence of the patents and license agreements at the time of purchase of the assets (Rec. p. 141) and petitioner continued operating under these license agreements until December 1906 when it notified respondent Christensen that it would no longer continue to operate or to pay royalties and commenced manufacturing the infringing devices (Rec. p. 182; Record on former appeal No. 2163, p. 41).

Prior to the acquisition of the assets by the Wisconsin Brake & Electric Company, the persons who became its officers and directors upon its organization and who became the officers and directors of the petitioner upon its organization and continued in control of it throughout, started to study plaintiff's patent. That was in December 1905. They also had a series of conferences with respondent Christensen looking toward the acquisition of a license under his patents but H. H. Westinghouse was unwilling to pay his price and so respondent Christensen licensed the Allis-Chalmers Company (Rec. pp. 140-154, 160-161). The matter of making motor compressors was then referred to their patent counsel, Mr. E. A. Wright, Mr. J. Snowden Bell and others, and they commenced examining it at that time (Rec. p. 153 and record on No. 2163, p. 194) and with the officers of the Air Brake & Traction Brake Companies they held a conference at Wilmerding, Pennsylvania, at which they had before them and considered all of Christensen's patents and after a consideration thereof decided to make the infringing device which was merely Christensen's device with an interposed "worse than useless" air space and a gear case cast in-

tegral with, instead of being bolted to, the crank case (Rec. on No. 2163, pp. 196, 201). This device was developed at the suggestion of the patent attorneys by one Waters in an attempt to avoid infringement (Rec. on No. 2163, pp. 202-204), and was thus criticised by the Court of Appeals in its opinion (Rec. p. 32):

"We can see in defendant's structure, merely an attempt to evade complainant's patent by first dividing the one sheet of metal into two parts without any reason therefor * * *."

The action of the petitioner in terminating the license agreement and commencing infringement was exhaustively argued to the Master and he characterized it thus:

"it is sufficient to say that the evidence in this case clearly shows that the defendant, after terminating the license agreement with plaintiff Christensen, immediately commenced the manufacture and sale of infringing compressors, and continued such manufacture and sale for nearly ten years and until the expiration of the patent, notwithstanding a prompt commencement of this action, and notice to it of the plaintiff's claims. *This infringement may fairly be called wanton and deliberate*" (Rec. p. 182). (Italics ours.)

Petitioner has Infringed Since Filing the Bill and the Amended Bill.

There is a further reason why petitioner cannot now allege want of notice and that is that it has continued to infringe since the filing of the bill. The infringement began December 1, 1906, and the bill was filed December 17, 1906, and the rule is undoubted that the filing of a bill is equivalent to notice under the statute.

La Crosse Plow Co. vs. Van Brunt, 220 Fed., 626, 629 (C. C. A., 7th Cir.)

Eastern Dynamite Co. vs. Keystone Mfg. Co., 164 Fed., 47, 60.

American Caramel Co. vs. Mills, 162 Fed., 147 (C. C. A., 3d Cir.)

Maimen vs. Union Special Mach. Co., 165 Fed., 440 (C. C. A., 3d Cir.)

U. S. Mitis Co. vs. Midvale Steel Co., 135 Fed., 103, 112.

Underwood Typewriter Co. vs. Elliott-Fisher Co.,
171 Fed., 116.

U. S. Mitis Co. vs. Carnegie Steel Co., 89 Fed.,
206.

Westinghouse etc., Co. vs. Condit etc., Co., 159
Fed., 154, 156.

Ashley vs. Weeks-Numan Co., 220 Fed., 899-904
(C. C. A., 2d Cir.)

Weber Elec. Co. vs. Union Elec. Co., 226 Fed.,
482, 488.

Lamson vs. Standard, 238 Fed., 201, 209.

Macallen Co. vs. Chas. Wirt & Co., 209 Fed., 625,
626.

Petitioner Knew of Both Patents as Early as 1907.

Defendant has also infringed, the record shows, since the filing of the amended bill counting specifically on the first patent, but irrespective of that we submit that notice of the second patent is notice of the first patent. Particularly is that true where, as in the instant case, it can be shown that the notice is sufficient. It is elementary that the function of notice is simply to put the party on inquiry which if followed up will lead to the information necessary to charge him with actual knowledge. Notice is not the same thing as knowledge. It is the bringing to the party of information which will charge him with knowledge.

Notice may be sufficient to one person and yet insufficient to another, depending upon the degree of familiarity he may have with the facts to which the notice pertains. If he is entirely familiar slight information will be sufficient to put him on his guard. If he is entirely unfamiliar the notice will have to be quite complete and distinct. The test is how much information is necessary in view of the knowledge and means of knowledge in possession of the party to whom it was given to put him on inquiry, and the theory of putting him on inquiry is that you must give him a clue which if run down will lead to the information necessary.

The case at bar falls squarely within these rules. Although we notified by the filing of the bill of patent 635,280 yet defendant ran it down and found and admitted knowledge of the existence of patent No. 621,324, and

this as early as March 1, 1907. (See their answer Rec. p. 26-28). Thus it is here demonstrated that the person to whom notice was given had ascertained the ultimate fact to which the inquiry set in motion by the notice was directed. That is proof positive that the notice is sufficient for the very function of the notice is to put it on inquiry which should lead to the ascertainment of the fact by it. If therefore you prove because of that petitioner has ascertained the fact you have by that act proved the sufficiency of the notice.

V.

THERE IS NO QUESTION OF DOUBLE PATENTING. RESPONDENT CHRISTENSEN WAS CONCEDEDLY GRANTED A VALID PATENT. THE ONLY QUESTION IS AN ACADEMIC ONE AS TO THE PROPER METHOD OF CORRECTING CLERICAL ERRORS.

Petitioner in its brief argues quite at length (pages 74 et seq.) that this court should take jurisdiction of and try out the question of double patenting on this certiorari. *The certiorari was not granted to review that question but the question of the finality of the decree of the Court of Appeals of the Seventh Circuit.* The question of the validity of plaintiff Christensen's patent, whichever one of the paper writings evidences it, was not specifically passed upon by the courts of the Seventh Circuit except to the extent of finding and upholding a patent in Christensen.

The request was made to this court for certiorari and the writ was granted on the showing that the Court of Appeals for the Seventh Circuit had made "an erroneous decision on a single and simple proposition of law" . . . i. e., said Court of Appeals held "a decree which we submit was an interlocutory decree, but which the decision which we are seeking to have reviewed adjudges to be final." (Brief in support of petition for certiorari p. 1).

This Court has ruled in a similar case, i. e.,

Westinghouse Co. vs. Wagner Mfg. Co., 225 U. S., 604, 613-14,

that where a writ of certiorari is granted to review the question of accounting in a patent case it was not granted

for the purpose of re-examining the questions of validity and infringement and the court would not go into such questions.

The phrase "double patenting" has been used in the briefs of petitioner in a loose and inaccurate sense as applying to the issue of the two documents to respondent Christensen as evidencing one and the same grant. All the cases cited by petitioner and which deal with double patenting at all are cases in which two or more mutually exclusive monopolies have been granted on applications ostensibly for different inventions and where the Government has made two contracts which purport to cover in whole or in part different inventions but which do in truth and in fact cover but one and the same invention.

In the case at bar there is but one contract, one grant, flowing from a single application for patent.

In the cases of alleged double patenting referred to by petitioner, there existed two letters patent purporting to evidence different inventions, which, however, in those cases, the court held were not different inventions; while in this case there is one invention, and respondents have never claimed more than one contract, one grant, or a right to more than one instrument evidencing the monopoly for said invention. In the cases cited by petitioner, the patentees there claimed separate or independent rights and monopolies under each of the letters patent, which we submit clearly differentiates these cases from the case at bar.

This defense masquerading under the pseudonym of double patenting was argued and briefed exhaustively in said courts of the Seventh Circuit and was contended for in the Petitioner's application for certiorari to this court, No. 824, October term 1915, and was argued in the briefs of the parties upon such application, which application upon consideration was denied by this court February 21, 1916.

The Seventh Circuit Correctly Held Both Patents Expired March 21, 1916.

In limine we wish to call attention to the following error in petitioner's brief. It says on page 87 that respondents' position that the second patent was limited in its life to seventeen years from the date of the issue of

the first patent was not followed by the decree, citing Record pp. 40-50. In that statement they are in error. The first patent issued March 21, 1899, No. 621,324. The second patent issued October 17, 1899, No. 635,280. *The decree granting the injunction grants it "for the remainder of the term of seventeen years from and after March 21, 1899;" i. e., the term commences to run from the date of the issue of the first patent. (Rec. pp. 39-40).*

The Patents are Analogous to Title Deeds.

Respondent Christensen is in the exact position of a man who has received a warranty deed to a piece of property and because of an error in the description, probably harmless but yet needing correction, returns it to the grantor and asks for and obtains a second supplemental warranty deed. The return of the deed does not operate to divest the grantee of title, neither does its subsequent cancellation by the grantor, particularly where as here the grantee retained it several months before redelivery.

The petitioner, as shown by its original answer in the Wisconsin suit, had as early as March 1, 1907, notice of the existence of both of these documents of grant, yet claims that because the second deed contains on its face an erroneous term it is void, and because respondent handed back the first deed to the grantor that forsooth that also is void. This is not the situation of an intervening trespasser without notice because as is shown, it had full, ample, and complete knowledge and notice of all facts pertaining to both grants, in fact it was licensed under both (Rec. pp. 185-191) and its infringement was characterized by the Master as "wanton and deliberate." Nothing more inequitable than their position could well be conceived.

A Patent is a Contract.

A patent like a deed is a contract or the evidence of a contract, and respondent's theory is that its grant of patent monopoly is evidenced equally by both patents and either of them is sufficient to sustain the bill and all proceedings therein. It is well settled that a patent is a contract between the patentee and the United States Government and has all the elements and advantages of any other contract.

This rule has been succinctly stated in *Jewell Filter Co. vs. Jackson*, 140 Federal, 343, as follows:

"A patent is, after all, nothing but a contract by which the government secures to the patentee the exclusive right to vend and use his invention for a few years, in consideration of the fact that he has perfected and described it and has granted its use to the public forever after. * * * * *The contract evidenced by a patent is effected by the acceptance by the government of a proposition made by the inventor in compliance with the statutes of the United States.*" (Italics ours.)

In *Krupp vs. Midvale Steel Company*, 191 Fed., 588, 594, the matter was stated thus:

"Tersely stated, an American patent is a written contract between an inventor and the government. This contract consists of mutual, inter-related considerations moving from each party to the other for such contract. The consideration given on the part of the inventor to the government is the disclosure of his invention in such plain and full terms that any one skilled in the art to which it appertains may practice it. The consideration on the part of the government given to the patentee for such disclosure is a monopoly for 17 years of the invention disclosed to the extent of the claims allowed in the patent."

When the patent was issued to the respondent Christensen, and recorded, a complete contract was in existence and the United States Government was as much bound thereby as by any other contract. The patent secures to the patentee a vested property right and this right is protected and secured and held as inviolate as any other property right in and by the constitution of the United States.

In *McCormick vs. Aultman*, 169 U. S., 606, 608-609, this court said:

"It has been settled by repeated decisions of this court that when a patent has received the signature of the Secretary of the Interior, countersigned by the Commissioner of Patents, and has had affixed to it the seal of the Patent Office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or canceled by the President, or any other officer of the Government. *United States vs. Schurz*, 102 U. S., 378; *United States vs. American Bell Telephone Co.*, 128 U. S., 315, 363. It has be-

come the *property* of the patentee, and as such is entitled to the *same legal protection as other property*. *Seymour vs. Osborne*, 11 Wall., 516; *Cammeyer vs. Newton*, 94 U. S., 225; *U. S. vs. Palmer*, 128 U. S., 262, 271, citing *James vs. Campbell*, 104 U. S., 356."

The contrary view seems to be taken by the petitioner's counsel for they say in effect the letters patent are the sole repository of the grant, and they "*create a property interest in the invention which otherwise does not exist.*" The opposite has been settled in the recent case so much relied on by the petitioner, of *Motion Picture Co. vs. Universal Film Co.*, 243 U. S., 502, 510. There this court at page 510 says:

"It has long been settled that the patentee receives nothing from the law which he did not have before, and that the only effect of his patent is to restrain others from manufacturing, using or selling that which he has invented. The patent law simply protects him in the monopoly of that which he has invented and has described in the claims of his patent."

This is in line with other decisions of this court holding that a patent is merely the *evidence* of the grant. Thus in *Marsh vs. Nichols*, 128 U. S., 605, 612, this court said:

"The patent is the *evidence* of his exclusive right to the use of the invention; it therefore may be said to create a property interest in that invention."

Patents are not granted as high prerogative monopolies from the crown or as a matter of special grace or favor, but to worthy inventors as a matter of right. This is the doctrine of the American Patent Law and all the adjudications are in harmony therewith.

In *James vs. Campbell*, 104 U. S., 356, 358, the court said:

"The Government of the United States, as well as the citizen, is subject to the Constitution; and when it grants a patent, the grantee is entitled to it as a *matter of right*, and does not receive it, as was originally supposed to be the case in England, as a matter of grace and favor."

Attorney General vs. Rumford Chem. Works, 32 Fed., 608, 619:

"In this country they are issued, neither in fact nor by publication, by any special grace or favor, and in no sense *ex mero motu*, but as a *matter of right*, under the provisions of a statute, to the inventor who

has complied with the conditions which the statute imposes."

The amended bill in this case was drawn in view of this undoubted law and was predicated on Christensen's contract or monopoly right to a combined pump and motor, as evidenced by the first or second patents, and each of them, and each is sufficient to sustain the grant. The United States Government for this reason, neither through its patent office officials nor any other representative had the right or power to deprive the patentee Christensen of this property except by due process of law. All of the years of involved and multitudinous litigation in this case have arisen from an effort of the United States Patent Office to correct a clerical mistake made by one of its representatives, in such a manner as to seem to impugn or raise a doubt as to just what the patentee Christensen's property rights were and are under the Patent No. 621,324.

The Patent Office Error Did not and Could Not Affect Christensen's Rights.

The insertion through inadvertence by a clerk in the United States Patent Office in said Patent No. 621,324 of one fugitive leaf, having obviously no relevancy whatever to the patent, certainly should not have and *could* not have affected Christensen's vested rights in any manner whatsoever. This fugitive leaf contained nothing that could have misled anybody. It contained nothing that was described or even mentioned in the specifications. The only drawings or reading matter that were on this single fugitive leaf could have no more affected the legal interpretation and construction of the patent than if they had been purely "typographical errors," which have been held to be of no effect whatever. (*Herman vs. Youngstown Co.*, 191 Fed., 579, 584.) The defect in the case of *Marsh vs. Nichols*, 128 U. S., 605, is clearly distinguished from that in the case at bar. In that case the court held that the patent was never "executed." The principle is totally different. The patent there never came into existence. The patent in the case at bar is not only indisputably executed but delivered to the patentee. In the opinion in that very case the court explains that such a "clerical mistake" as that in our patent can be and should be rectified. Mr. Justice Mack in the Circuit Court of Appeals,

in his opinion in this very case at bar, said that this was "a case of a pure clerical error, not of double patenting. While the two documents have been issued, there is but a *single grant* of one and the same right to the same person."

The patent "should be treated (by the courts) as if the correction was made," in this instance by entirely ignoring this fugitive leaf.

In *Railway Register Co. vs. North Hudson*, 23 Fed., 593, 594, the court said:

"There is a long list of cases holding that patents cannot be invalidated by proving that the requirements of the statute to be observed by the commissioner in order to their issue have not been regarded. Sec. 4920 of the Revised Statutes enumerates the five special defenses which may be pleaded in a suit for infringement. If congress had intended that the validity of patents might be assailed collaterally for other reasons, it would have said so in explicit terms."

That the patentee, out of abundant caution, chose to return the document to the Patent Office to have this fugitive leaf removed did not and could not alter or diminish his rights under the contract embodied in this patent then in force between the government and himself.

Edison Electric Co. vs. U. S. Electric Co., 52 Fed., 300, 312:

"Nor do we think that validity is in any way affected by the attempted certificate of correction. The patent, as originally issued, being in every respect a regularly executed document, and the statute providing for no subsequent alteration thereof by the patent office (except in cases of reissues, which this is not) the action of the commissioner in endorsing it with an attempted 'correction' was without jurisdiction, and wholly void."

This Court says in the case of *McCormick vs. Aultman Co.*, 169 U. S., 606, 609:

"The only authority competent to set a patent aside or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent. *Moore vs. Robbins*, 96 U. S., 530, 533; *U. S. vs. American Bell Telephone Co.*, 128 U. S., 315, 364; *Michigan Land & Lumber Co. vs. Rust*, 168 U. S., 589, 593. And in this respect a patent for an invention stands in the

same position and is subject to the same limitations as a patent for a grant of lands. The power to issue either one of these patents comes from congress and is vested in the same department. In the case of a patent for lands it has been held that when one has obtained a patent from the government he cannot be called upon to answer in regard to that patent before the officers of the Land Department, and that the only way his title can be impeached is by suit. *United States vs. Stone*, 2 Wall. 525, 535; *Iron Silver Min. Co. vs. Campbell*, 135 U. S., 286; *Noble vs. Union River Logging Railroad*, 147 U. S., 165. But a suit may be maintained by the United States to set aside a patent for lands improperly issued by reason of mistake or fraud; but only in the case where the government has a direct interest, or is under obligation respecting the relief invoked. *United States vs. Missouri, Kansas & Texas Railway*, 141 U. S., 358.

"While a patent for a grant of lands is absolutely free from the future control of the officers of the Land Department, after it has once issued, and jurisdiction over the matter cannot again be obtained, this is subject to a single qualification in the case of a patent for an invention where the patentee, his legal representatives or assigns, find the original patent inoperative or invalid by reason of a defective or insufficient specification, or by reason of the patentee claiming as his invention or discovery more than he had a right to claim as new (provided the error has arisen through inadvertence, accident or mistake and without fraudulent or deceptive intention)."

There was a Correction and not a Statutory Reissue.

A statutory re-issue under Section 9461 was not aimed at or possible, because such a re-issue can be secured and made only when a

"patent is inoperative or invalid by reason of a defective or insufficient specification or by reason of the patentee claiming as his own invention or discovery more than he had a right to claim as new."

And such was *not* the case here.

A correction under Rule No. 170 could have been made and that was what was done in substance in the instant case. Rule 170 was adopted in order to "correct mistakes

through the fault of the Patent Office." (Rogers on Patents, Vol. 1, page 186.) If the "Office" did not make its corrections in the proper way, Christensen should not, and cannot suffer on that account. Says Geiger, J., in his opinion:

"there is no reason why the irregularity of procedure should work a default or a total lapse in the patentee's right or title, especially as against one who has not been injured or misled, nor from whom relief is sought in reliance upon the irregularity." (Rec. p. 34.) (Italics ours.)

And Christensen's contractual rights would not and could not thereby be in the slightest degree reduced or altered. The fault was that of the "Office."

An Erroneous Term Does Not Nullify a Patent, The Law Reads into it the Correct Term.

The effort of the Patent Office to rectify its own error was completely ineffective to destroy the patentee's property rights in any extent or in any manner whatsoever. The paper that it issued as Patent No. 635,280 in an attempt to correct its own mistake by eliminating the fugitive sheet solely from Patent No. 621,324 was in legal effect but a correction of a clerical error in the first patent and was harmless and could do no injury to Christensen, or the public, and could in no wise affect the rights secured to him in and by the first patent. Even though the second patent be treated as and be deemed to be a re-issue in substance, it must have been and was limited in its term, as this court has held, "for the unexpired part of the term of the original patent." Section 9461 U. S. The Court of Appeals has said in the Wisconsin case

"That the second patent was erroneously granted for a term of 17 years from its date, does not nullify it. The law itself prescribes the terms of a patent; 17 years is the maximum. It may for several reasons expire at an earlier date. The failure properly to limit the term no more affects the validity in this case than it does in a case where, because of a prior foreign patent having a shorter term, the United States patent by law expires before the end of the 17 years specified in the document." (Rec. p. 44.)

In holding that the nominally excessive term did not invalidate the patent but that the actual term could be de-

terminated from facts *de hors* the patent, the court was merely applying settled rules of law to this particular case. It is well settled that an American patent based on a previous foreign patent expires with the expiration of the foreign patent where that term is less than seventeen years, even though it in terms runs the full seventeen years. It has never been held that the failure of the office to limit the nominal term of the patent to the actual term invalidates it; in fact it has been many times held to the contrary. This court has stated the rule that patents may be "limited by the courts, as a matter to be adjudicated on evidence *in pais*."

The question was raised and decided in *Bate Refrigerator Co. vs. Hammond Co.*, 129 U. S., 151, where the court, speaking through Mr. Justice Blatchford, said:

"These provisions of the Act of 1870 and of the Revised Statutes mean that the United States patent shall not expire so long as the foreign patent continues to exist; not extending beyond seventeen years from the date of the United States patent, but shall continue in force, though not longer than seventeen years from its date, so long as the foreign patent continues to exist. Under Section 4887, although, in the case provided for by it, the United States patent may on its face run for seventeen years from its date, it is to be so limited by the courts as a matter to be adjudicated on evidence *in pais* as to expire at the same time with the foreign patent, not running in any case more than the seventeen years, but subject to the latter limitation it is to be in force as long as the foreign patent is in force. * * * *O'Reilly vs. Morris*, 15 How., 62."

In *Edison Elec. Lt. Co. vs. U. S. Elec. Lt. Co.*, 52 Fed., 300-302, the court said:

"The failure to limit the patent in suit on its face to a shorter term than seventeen years so as to expire at the same time that the prior foreign patent having the shortest term, does not affect its validity. * * *"

Smith vs. Ely, 56 U. S., 37.

Canon vs. Pound Mfg. Co., 23 Blatch., 173.

In *Bate Refrigerator Co. vs. Hammond*, *supra*, the court said:

"Under this view, the time of the expiration of the foreign patent may be shown by evidence *in pais*, either the record of the foreign patent itself showing its duration, or other proper evidence; and it is no

more objectionable to show the time of the expiration of the foreign patent by giving evidence of extensions such as those in the present case and thus to show the time when by virtue of such extensions the United States patent will expire."

We submit that the term of a patent as recited in the instrument is immaterial and cannot affect its validity, for the reason that the law as to its duration writes itself into the instrument.

Rate Refrigerator Co. vs. Hammond Co., 129 U. S., 151; 32 L. Ed., 645.

Pohl vs. Anchor Brewing Co., 134 U. S., 381; 33 L. Ed. 953.

Rate Refrigerator Co. vs. Sulzberger, 157 U. S., 143; 39 L. Ed., 613.

Leeds vs. Victor Talking Machine Co., 213 U. S., 391; 53 L. Ed., 805.

Cameron vs. Knoxville, 227 U. S., 39; 57 L. Ed., 407.

In the case of *Cameron Septic Tank Company vs. City of Knoxville, Iowa*, 227 U. S., 39, 41, 42, the court said:

"At the time the patent was issued Sec. 4884, Revised Statutes, made the term of a patent seventeen years, and by Sec. 4887 it was provided that the receiving of a foreign patent did not prevent the granting of a United States patent. It was, however, provided that 'every patent granted for an invention which has been previously patented in a foreign country shall be so limited as to expire at the same time with the foreign patent, or, if there be more than one, at the same time with the one having the shortest term, and in no case shall it be in force more than seventeen years.'"

"The section coming up for judicial consideration, it was decided that it assumed that the foreign patent previously granted was one granted for a definite term, that the United States patent should expire with that term, and that it was not to be limited by any lapsing or forfeiture of any portion of the term of the foreign patent, by means of the operation of a condition subsequent, according to the foreign statute. *Pohl vs. Anchor Brewing Co.*, 134 U. S., 381, 386. And it was held that the American patent is limited by law, whether it is so expressed or not in the patent itself, to expire with the foreign patent having the

shortest term. *Bate Refrigerating Co. vs. Hammond*, 129 U. S., 151, 167; *Bate Refrigerating Co. vs. Sulzberger*, 157 U. S., 1, 43; *Leeds & Catlin Co. vs. Victor Co.*, 213 U. S., 301, 325."

We call particular attention at this point to the fact that the Court of Appeals for the Third Circuit in the Pittsburgh litigation, while it found with the District Court of Wisconsin and with the Court of Appeals for the Seventh Circuit that there was no double patenting in the proper sense of that term and that the only thing sought to be corrected by respondent Christensen was a clerical error because of the inclusion of the fugitive and immaterial sheet of drawing, yet it nevertheless went astray by holding that the patent office in thus attempting to make this correction and eliminate the sheet "went beyond the mistake and modified the first patent in a vital particular, namely, in its date of expiration." (Rec. p. 112.) In doing this that court committed two clear and it seems to us unpardonable errors, first, overlooked the undisputed allegations in the plaintiffs' bill that the patent monopoly expired seventeen years from the date of the grant of the first patent, to-wit: March 21, 1899, and second, overlooked the clear and undisputed rule of law that the law itself in such a case reads into the patent a limitation as to the real term thereof. It will be observed that this was the sole ground upon which the Circuit Court for the Third Circuit held the second patent invalid, and in doing so that court disregarded the settled law of this court, as is evidenced by the cases just preceding.

A Surrender of a Patent is Contingent upon a Valid Reissue.

As the issuance of the Patent No. 635,280 did not confer upon Christensen any rights that he did not already possess under and by virtue of his Patent No. 621,324, clearly he was not deprived of any of these vested rights, because of the return to the Patent Office of the Patent 621,324 and the breaking of the seal thereof by the Commissioner.

In *McCormick Harvesting Machine Co. vs. Aultman Co.*, 169 U. S., 606, 610, 612, the law was thus stated:

"In such case a reissue will be granted by the Commissioner upon the surrender of the patent, but such surrender takes effect only upon the issue of the amended patent." * * * *

"The object of a patentee applying for a reissue is not to reopen the question of the validity of the original patent, but to rectify any error which may have been found to have arisen from his inadvertence or mistake. But until the amended patent shall have been issued the original stands precisely as if a reissue had never been applied for (*Allen vs. Culp*, 166 U. S., 501, 505) and must be returned to the owner upon demand. The fact that the rules of the Patent Office require that the original patent should be placed in its custody for the purpose of surrendering it upon the issue of an amended patent gives that department no right to the possession of it upon the rejection of the application for a reissue. If the patentee abandoned his application for a reissue, he is entitled to a return of his original patent precisely as it stood when such application was made and the *Patent Office has no greater authority to mutilate it by rejecting any of its claims than it has to cancel the entire patent.*" (Italics ours.)

"Had the original patent been procured by fraud or deception it would have been the duty of the Commissioner of Patents to have had the matter referred to the Attorney General with the recommendation that a suit be instituted to cancel the patent; but to attempt to cancel a patent upon an application for reissue when the first patent is considered invalid by the examiner would be to deprive the applicant of his property without due process of law, and would be in fact an invasion of the judicial branch of the government by the executive."

The Commissioner of Patents had no power, right or authority to accept the patent, or in any way to mutilate or destroy it. The patentee's conduct was in no respect whatever an abandonment or surrender of his patent or any of his rights thereunder.

Edison El. Light Co. vs. U. S. El. L. Co., 52 Fed., 300, 312.

"And in the absence of any provision of law contemplating the surrender of an original patent by the grantee or holder, *except for reissue*, we cannot find, in the request to have such unauthorized correction made, any reason for holding that the patent was by that act *surrendered.*" (Italics ours.)

Whatever was done that might be considered a surrender was clearly done by mutual mistake, and therefore

did not jeopardize the patentee's rights. The effort of the defendant's counsel in the case at bar to prove that, because the document No. 635,280 was improperly issued by the Patent Office through the fault and mistake of that office and was therefore void, the patentee lost his property rights when he sent his patent back to the Patent Office to correct its own mistake, is too monstrous to require more than a statement to demonstrate its absurdity. It is amazing that defendant's counsel should persist in this contention. As was said by the Circuit Court of Appeals in the Seventh Circuit in this case,

"The surrender for cancellation of the one was conditioned upon the grant of a valid legal substitute. If the Commissioner of Patents was without authority to issue the second, then in our judgment his action in cancelling the first must be deemed laglly ineffective." (Italics ours.) (Rec. p. 44.)

The Reissue Statute Expressly Preserves a Patentee's Rights against Improvident Surrender.

Prior to 1870 the statute left the question in doubt; but a contrary ruling was so flagrant an injustice and hardship to inventors that in that year (1870) Congress amended the law so as to incorporate in it the words "such surrender shall take effect upon the issue of the amended patent." Christensen only requested the Patent Office to correct Patent No. 621,324 by removing the fugitive leaf. He had no thought whatever of "surrendering" it, or any of his rights under it. Even if there had been a "surrender" it would not have been effective in this case.

Allen vs. Culp, 166 U. S., 501, 504:

"To obviate the injustice to inventors occasioned by the peremptory requirement that the patent should be treated as extinguished from the moment it was surrendered for a reissue, it was provided in Sec. 53 of the Patent Act of 1870, amending the thirteenth section of the Act of 1836 that upon the *surrender of a patent for that purpose a reissue should be granted 'for the unexpired part of the term of the original patent, the surrender of which shall take effect upon the reissue of the amended patent.'* These words were obviously inserted for the purpose of preventing the surrender taking immediate effect, and to postpone its legal operation until the patent should be reissued. When

a patent is thus surrendered, there can be no doubt that it continues to be a valid patent until it is reissued, when it becomes inoperative; but if a reissue be refused, it is entirely clear that the surrender never takes effect, and the patent stands as if no application had never been made for a reissue. Whether, if the reissue be void, the patentee may fall back on his original patent, has never yet been decided by this court, although the question was raised in *Eby vs. King*, 158 U. S., 366, but as the original patent in that case was also held to be void, it did not become necessary to express an opinion upon the question. But if the original application for a reissue be rejected, the original patent stands precisely as though a reissue had never been applied for, unless at least the reissue be refused upon some ground equally affecting the original patent. If it were otherwise, every patentee who applies for a reissue would do so at the peril, not only of having his application refused, but of losing what he already possessed. This was the very contingency the Act of 1870 was designed to provide against."

"It is true that, in making his surrender, the patentee declares that his patent is inoperative and invalid, but this is not necessarily so for all purposes, but for the purpose for which he desires to have it reissued. Such a patent might be inoperative and invalid as against certain persons who had pirated the underlying principle of the patent, and avoided infringing the exact language of the claims, and yet be perfectly valid as against others, who were making machines clearly covered by their language."

The courts will always correct mutual mistakes. It has been so held in the following cases and is an elementary principle of law:

- Snell vs. Insurance Co.*, 98 U. S., 85, 89.
- Rogers vs. Atkinson*, 1 Ga., 25.
- Leitensdorfer vs. Delphy*, 15 Mo., 161, 166.
- Cassidy vs. Metcalf*, 66 Mo., 529.
- Petesck vs. Hombach*, 48 Wis., 443.
- Walden vs. Skinner*, 101 U. S., 577-84.
- Gilespie vs. Moen*, 2 Johns. Ch., 585, 596.
- Kiesselbrack vs. Livingston*, 4 Johns. Ch., 144.
- Cathcart vs. Robinson*, 5 Pet., 264.

Redelivery of a Patent Divests no Rights of the Patentee.

Petitioner claims that the existence of a valid and unsurrendered patent is necessary to the continuance of the litigation and that the patent is a specialty contract. We cheerfully concede both of these propositions. A patent is a specialty contract analogous in every respect to a deed and therefore becomes effective upon delivery, and as to the patentee, the delivery is complete upon its recording in the Patent Office in Washington. It is settled law that signing and recording in the Patent Office of the patent completes the contract and that that in itself is a complete delivery and no further delivery or other authentication is necessary to make it perfect and valid.

United States vs. Schurz, 12 Otto, 378.

McCormack H. M. Co. vs. Aultman Co., 169 U. S., 606.

Lonabaugh vs. United States, 179 Fed., 476, 480 (C. C. A. 8th Cir.)

The analogy between a patent and a deed is exact. The Court has said in *National C. B. S. Co. vs. Terre Haute, etc., Co.*, 19 Fed., 514, 520:

"It (the patent) is like the record of a deed; the record of patents at Washington is notice to every one, just as your title deeds on the records of the proper county are notice to all the world of your title."

We submit that it is not open to discussion that if a warranty deed were delivered from A to B and recorded and B subsequently found a clerical error therein and delivered it back to A who destroyed it, that that would not divest B's title or revest it in A. Similarly the sending by respondent Christensen of the first patent to the Patent Office and its subsequent action in breaking the seal did not divest Christensen of his title or revest it in the United States.

The Courts will Sustain a Patent if Possible.

It is the policy of the law to encourage inventors and not to discourage them or to deprive them of their rights, if it is possible reasonably to protect them. The patent should be interpreted so as to *uphold and not destroy the rights of the inventor.*

Said Judge Taft in *Thomson Co. vs. Ohio Co.*, 80 Fed., 712, 730:

"The main invention is confessedly a meritorious one, and we shall be loath to declare it void because of a mistake in the patent office proceedings, if we can, by any reasonable construction of the patents, do otherwise."

To the same purport are the following cases:

Mahn vs. Harwood, 112 U. S., 354-361:

"The courts will always exercise a proper liberality in favor of the patentee."

Hinman vs. Visible Milker Co., 239 Fed., 896, 897-8:

"Where this court is convinced that the patentee has made a meritorious invention it has been our steady purpose not to deprive him of its fruits based upon technical reasons only. *Iowa Co. vs. Montgomery*, 234 Fed., 88."

Providence Rubber Co. vs. Charles Goodyear, 9 Wall. 788, 804:

"The conduct of the defendants in this respect has not been such as to commend them to the favor of a court of equity. Under the circumstances, every doubt and difficulty should be resolved against them. *Lupton vs. White*, 15 Vesey, 432; *Copeland vs. Crane*, 9 Pick., 79; *Dexter vs. Arnold*, 2 Sumn., 109; *Miller vs. Whittier*, 36 Maine, 585. The allowance was properly denied."

VI.

THE RULING IN THE PITTSBURGH LITIGATION IN THE THIRD CIRCUIT WAS NOT *RES ADJUDICATA* HERE BECAUSE (a) THE ISSUES IN THE TWO CASES WERE DIFFERENT, (b) THE MERITS OF THE CONTROVERSY IN THE WISCONSIN CASE WERE NOT THEREIN INVOLVED OR DECIDED, (c) THE DECISIONS IN THE PITTSBURGH CASE WERE NOT DECISIONS ON THE MERITS AND THEREFORE CAN FORM NO BASIS FOR PLEAS OF *RES ADJUDICATA*, AND (d) THERE IS NO PRIVACY OF PARTIES.

(a) *Identity of Issues is essential to sustain a plea of res adjudicata.*

In order that petitioner may make out a plea in bar on the grounds of *res adjudicata* it is incumbent upon it to

show that the judgment attempted to be pleaded is not only between the same parties or those in privity (which will be discussed later), but that the issues actually decided were identical and involved the same subject-matter. Unless there is an identity of issues the judgment is not a bar and the rule fails.

The words "identity of issues" are used advisedly. It means more than "similarity" of issues *it means the very same thing*. There is a clear cut logical distinction between things which are nearly similar or alike and those which are identical, and a very slight difference is sufficient to destroy an identity where it would not affect a similarity. This is most clearly shown in a recent decision by this court, to-wit:

Geo. A. Fuller Co. vs. Otis Elevator Co., 245 U. S., 489.

It appeared that one McClosky, the plaintiff in a prior suit, had recovered judgment against Geo. A. Fuller Co. in an action in which it and Otis Elevator Co. were sued as joint defendants. A verdict was directed for the Otis Elevator Co. before the testimony for the Fuller Co. was heard. The Fuller Co. gave evidence to show that the Otis elevator Co. had retained control over the elevator and operator at the time of the accident thereby rendering themselves liable. The Fuller Co. then sued the Otis Elevator Co. for indemnity because of the payment of this judgment. A plea of *res adjudicata* was set up by the Elevator Co.

Justice Holmes after discussing different reasons why the plea of *res adjudicata* was bad, holds that the fact that the issues are different is controlling; and it is sufficient to differentiate the cases that the suit was dismissed as to the Otis Co. on a partial record only and before the Fuller Co.'s evidence was heard, the court saying:

"it would not have been a precedent because the evidence in the present case had additional details, which, if meager, still made it impossible to say as a matter of law that the Otis company did not retain control."

In order to support an estoppel of *res adjudicata*, it is necessary that there be an identity of records including the testimony is thus clearly decided in this case.

The following cases clearly support the rule that there will be no *res adjudicata* where the issues actually liti-

gated in the one case are not the same as those actually litigated in the other.

Nesbit vs. Riverside Independent District, 144 U. S., 610.

Cromwell vs. County of Sac, 94 U. S., 351.

Hurd vs. Scim, 189 Fed., 591.

Murphy vs. McLoughlin, 247 Fed., 385. (C. C. A. 5th Cir.)

The first case on this list, *Nesbit vs. Riverside Independent District*, 144 U. S., 610, is almost entirely analogous to the facts in the case at bar. It was held in that case that a judgment on a coupon of a municipal bond where the issue was as to whether or not it exceeded the constitutional debt limit, was not *res adjudicata* in another action between the same parties based on other coupons of the same bonds, where in addition to the defense of exceeding the debt limit there was a question of notice involved on the part of the plaintiff. In other words, the only thing that differentiated the two cases and made inapplicable the doctrine of *res adjudicata* through lack of identity of issues was the question of notice, a question which is present in the Pittsburgh case and absent in the instant case. In other words, just exactly the question differentiating these cases, i. e., the question of notice, has been held sufficient to render inapplicable a plea of *res adjudicata*.

The only issue before the Court of Appeals in the *Wright* case was as to the prima facie validity or invalidity of the second patent upon the facts pleaded in the bill and answer. There was no opportunity for that court to hear any evidence on the question, to examine the contents of the file wrapper, to read the history of the patent application in the office, to investigate the circumstances surrounding the reissue, the effect that the reissue might have as to particular defendants, etc. That adjudication therefore is exactly equivalent to the decision by the Court of Appeals of the Third Circuit that the second patent was invalid on the face of the bill, i. e., exactly as if the question had arisen on demurrer to the bill.

It is the undoubted rule that a decision even if it be a final judgment entered on demurrer to a bill does not conclude the issues and is not a basis for a plea of *res adjudicata* in another action where testimony is taken bearing on those issues and shows the whole transaction, particularly where the evidence adds something to the showing of the

bill which might sustain a right of action. Such a basis underlies the decision of *Geo. H. Fuller Co. vs. Otis Elevator Co.*, and the doctrine has been squarely held by the federal courts and also as to patent cases.

A similar case was decided in

Norton vs. Jensen, 90 Fed., 415. (C. C. A. 9th Cir.)

A prior suit had been decided between the same parties for infringement by defendant by the use of a certain machine. The second action involved infringement of the same patent but by a different machine made by defendant under a patent of its own. The court held the doctrine of *res adjudicata* had no application because there was no identity of subject-matter.

It has been held in a suit in equity to obtain a patent, the adverse decision of the Court of Appeals in the District of Columbia in an interference proceeding on the same application is *res adjudicata* "only as to those matters as were directly in issue and either admitted by the pleadings or actually tried in a prior interference."

Sutton vs. Wentworth, 247 Fed., 493, 502. (C. C. A. 1st Cir.)

No plea of *res adjudicata* is good unless

"it is certain to every intent," and "if, upon the face of a record, anything is left to conjecture as to what was necessarily involved and decided, there is no estoppel in it when pleaded and nothing conclusive in it when offered as evidence."

Norton vs. Jensen, 90 Fed., 415, 421. (C. C. A. 9th Cir.)

Union Steam Pump Co. vs. Battle Creek Steam Pump Co., 104 Fed., 337, 339. (C. C. A. 6th Cir.)

The Records in the Two Cases Compared.

An examination of the record offered by defendant in support of its motion shows that the issues in this case are very different from the issues in the Westinghouse case. In the instant case it is immaterial which patent is valid. It is sufficient that there is a grant. In this case there is no question of notice, no question of laches or of want of jurisdiction, or of waiver, and the infringing acts are based upon very different machines from those claimed to be infringements in the Pittsburgh suit.

In the Pittsburgh case the action was commenced fifteen years after the Traction Brake Company had manufactured and sold the pump and motor in suit. There were thus serious questions of laches and estoppel. There was a serious question as to whether there was any equitable jurisdiction in view of the short time the patent had to run, as well as the important question of want of marking, barring the only right to recover which plaintiff would have, namely, an accounting. More than that, the only thing which the Court of Appeals did or could decide was the single narrow issue appearing on the face of the bill and answer, and as we have shown, this issue was different from the issues in the instant case.

(b) *The merits of the controversy in the instant case were not involved or decided in the Pittsburgh litigation.*

There had been no adjudication by the Circuit Court of Appeals in the Third Circuit *on the merits*, as there had been no hearing, no admission of evidence, in the court below. The statement by petitioner's counsel in their brief that there had been a trial was erroneous. There had been no proofs in evidence and no trial whatever. This question was expressly decided by both the Court of Appeals in the Third Circuit and by Judge Orr. The latter said (Rec. p. 215):

"The real reason for setting aside the decree or order of January 7, 1918, is because it is contrary to the fact in stating that the bill as to Patent No. 621,324 was dismissed upon the merits."

The Court of Appeals of the Third Circuit said, in commenting on the motion of the Traction Brake Company (Rec. p. 238):

"To that ruling the defendant did not except. It may be noticed also that the defendant did not offer any testimony which would throw any light upon the merits of the controversy then existing between the parties."

The Pittsburgh decree finally resulted in a dismissal of the bill as to the first patent for want of prosecution. Such a dismissal is not a decree on the merits and petitioner frankly admits such to be the case. It says:

"Usually dismissal for want of prosecution is a dismissal without prejudice." (Brief p. 70.)

They then attempt to argue that because there was an argument in the Court of Appeals on certiorari on the question arising on the bill and answer, that that was an argument "on the merits" and that therefore because of proceedings happening many months thereafter in the District Court this court is to infer that the merits were heard and decided. Nothing could be more palpably illogical and absurd. That the merits were never heard and decided is settled beyond peradventure by the decisions of the very courts to which they refer, i. e., the District Court of Pittsburgh and the Court of Appeals of the Third Circuit.

Analysis of the Record Shows no Hearing on the Merits in the Pittsburgh Suit.

In brief the history of this phase of the litigation is this. When the case came up for trial on October 1, 1917, at Pittsburgh, plaintiff's counsel were not advised, consequently were not present. The principal counsel for plaintiffs were not present and the Judge telephoned Mr. Frazer, local counsel, who came over in response to the telephone and there was no showing that he or any counsel had notice that the case was to be called on that date. (Rec. p. 198.) Counsel for the plaintiff then moved that the case be dismissed for want of prosecution. Then the motion was granted and Mr. Frazer through abundant caution excepted. (Rec. p. 199.)

Thereafter petitioner's counsel attempted to plead this decree as a final decree on the merits in pending litigation in Chicago (Rec. p. 201) and becoming satisfied that it could not prevail therein notified defendant in the Pittsburgh case that on January 3, 1918, "I shall move the court to enter the decree hereunto appended, *finally disposing of all the issues in this cause,*" (Rec. p. 200) and the decree proposed provided "that as to patents Nos. 621,324 and 635,280 the bill of complaint is dismissed on the merits." (Rec. p. 200.) Through an error this decree was actually entered on January 7, 1918 (Rec. p. 200), but upon petition being filed by the plaintiffs to have it vacated (Rec. pp. 209-211) a decree was entered by Judge Orr vacating this decree and providing that as to the first patent "the bill stands dismissed for want of prosecution." (Rec. p. 218.) This decree did not "kill the already dead," it merely recognized the mortuary status. It did not say

the complaint is "hereby dismissed" but "stands dismissed." The important thing appears in Judge Orr's opinion and in the exceptions taken to this last mentioned decree by the Traction Brake Company's counsel. Judge Orr stated that he vacated the decree on the merits of January 7, 1918, for the following reasons:

"That decree is not in conformity with the facts, inasmuch as it states that as to patents Nos. 621,324 (first patent) and 635,280 (second patent) the bill of complaint is dismissed *on the merits*. The merits of the controversy were not considered by the court. * * * The subject-matter of the litigation as a matter of fact was not considered by the court at the time such decree was entered, and in that respect the decree was contrary to the fact. * * * The real effect of the words 'upon the merits' in the decree were not seriously considered as they should have been had the principal counsel for the plaintiffs been present." (Rec. p. 215.)

The same matter is reinforced by plaintiffs' exceptions taken on the record at that time (Rec. p. 217), the court again saying "That decree of January 7, 1918, is and was contrary to the facts."

In view of this record how can this court or any other court say that the decree dismissing the bill as to the first patent for want of prosecution was entered under circumstances wherein we are to read in and imply a decision on the merits? If, as counsel for petitioner concede, a dismissal for want of prosecution is not necessarily a dismissal without prejudice we submit that the surrounding facts and circumstances in this case show *beyond a reasonable doubt* that there was no intent on the part of Judge Orr to do anything but dismiss without prejudice and that the thought of entering a decree on the merits was so far from being intended by him that he actually refused to enter a decree of this sort when requested because he said "it was contrary to the facts."

A Decree of Non Pros. is not a Bar.

The dismissal "for want of prosecution" as "to Patent No. 621,324" by the order of October 1, 1917, in the District Court in Pittsburgh was no adjudication upon the merits as to plaintiff's rights under that patent. That was not a bar to other suits based upon that patent. The

meaning of a "dismissal for want of prosecution" is well settled.

Whitaker vs. Davis et al, 91 Fed., 720, holds:

"In other words, the plea sets forth a dismissal of the former bill for want of prosecution. An order dismissing a bill for want of prosecution is not a bar to another bill. Story Eq. Pl., 793; Coop. Eq. Pl., 270; 1 Daniel Ch. Proc. (6th Am. Ed.), 811; *Kempton vs. Burgess*, 136 Mass., 192. See also *Ryan vs. Seaboard & R. R. Co.*, 89 Fed., 397, 403."

To the same effect is *Brown vs. Fletcher*, 182 Fed., 989 (C. C. A. 6th Cir.)

"An order dismissing a bill for want of prosecution is not a bar to another bill."

That question was thus sharply litigated in the Pittsburgh litigation and also on the second application to the Court of Appeals for the Third Circuit for writ of certiorari. The opinion is quite clear. (Rec. p. 235 et seq.) That decision reviews in admirable detail the various efforts of petitioner's counsel to obtain a decree on the merits as to the first patent and their equally numerous failures and finally winds up by finding and completely determining as between the parties that there was no decree ever entered in that circuit on the merits as to the first patent.

In view of this undisputed record it strikes us as taking considerable temerity to urge that the dismissal for want of prosecution can in this case be tortured into the equivalent of a decree on the merits where the court rendering the decree and the appellant tribunal have both said in construing that decree that it was not on the merits.

(c) *The decisions in the Pittsburgh case were not decisions on the merits and therefore can form no basis for pleas of res adjudicata.*

To constitute a judgment or decree a *res adjudicata* so as to be a bar in any other court in a suit between the same parties or their privies relative to the same subject-matter, the judgment or decree must have been final and must have been rendered or entered on the merits. In

Stout vs. Lye, 103 U. S., 66, 68, this court said:

"It is a doctrine of law too long established to require the citation of authorities, that, where a court

has jurisdiction, it has a right to decide every question which occurs in the cause, and whether its decision be correct or otherwise, its judgment, till reversed, is regarded as binding on every other court; and that where the jurisdiction of a court, and the right of the plaintiff to prosecute his suit in it, have once attached, that right cannot be arrested or taken away by proceedings in another court."

Walden vs. Bodley, 14 Pet., 156-161.

"As the first bill was dismissed for want of jurisdiction, and the second by the complainants, at rules, in the clerk's office, it is clear that neither can operate as a bar to the present bill. A decree dismissing a bill generally, may be set up in bar of a second bill, having the same object in view; but the court dismissed the first bill on the ground that they had no jurisdiction, which shows that the case was not heard on its merits. And this also appears from the dismissal by the party of the second bill in the clerk's office." (*Italics ours.*) In *Russell vs. Place*, 94 U. S., 606, 608, the court said:

"It is undoubtedly settled law that a judgment of a court of competent jurisdiction, upon a question directly involved in one suit, is conclusive as to that question in another suit between the same parties. But to this operation of the judgment it must appear, either upon the face of the record or be shown by extrinsic evidence, that the precise question was raised and determined in the former suit. If there be any uncertainty on this head in the record—as, for example: if it appear that several distinct matters may have been litigated, upon one or more of which the judgment may have passed, without indicating which of them was thus litigated, and upon which the judgment was rendered—the whole subject-matter of the action will be at large, and open to a new contention, unless this uncertainty be removed by extrinsic evidence showing the precise point involved and determined. To apply the judgment, and give effect to the adjudication actually made, when the record leaves the matter in doubt, such evidence is admissible." (*Italics ours.*)

The decision in the Pittsburgh litigation cannot be said to be a final decree on any phase of the case. It was at most a mere advance ruling on evidence, not a final ruling on anything. It was equivalent to a motion to strike on

the ground of redundancy or that the bill had pleaded evidence and not facts, the motion being to strike the evidence from the bill. Any ruling on such a judgment as this is not and cannot be a ruling on the whole merits of the controversy tendered by the bill and therefore is not a decision on the merits so as to be a bar. See elaborate analysis of this decision by Judge Geiger in the court below. (Rec. p. 312.)

Even if there is any repugnancy or conflict between the decisions of the Circuit Courts of Appeals in the Seventh and Third Circuits (which we deny), and if there is such a privity of parties and such an identity of subject-matter as to invoke the doctrine of *res adjudicata*, under and by virtue of that very doctrine of *res adjudicata*, the decision in the Seventh Circuit controls. It was an adjudication which bound the Circuit Court of Appeals in the Third Circuit; and if the latter court made any decision adverse to or in conflict with that of the Circuit Court of Appeals in the Seventh Circuit the latter's decision prevails because the mandate in the Seventh Circuit was issued long before any decision in the Third Circuit which might be considered an adjudication. Indeed, there had never yet at any time been any decision in the Third Circuit which could be considered final and conclusive as to the merits of this case.

The proposition is well expressed in the case of *United States Fastener Co. vs. Bradley*, 143 Fed. 523, 530-1:

"It is well settled that a decree or judgment in a suit between certain parties is a bar or estoppel to the prosecution of a second action upon the same claim or demand between the same parties, or their privies, if rendered upon the merits. *If not rendered on the merits it is no bar or estoppel.* * * * The rule is well stated in *Hughes vs. United States*, 4 Wall. at page 237 (18 L. ed., 303), where it is said:

"In order that a judgment may constitute a bar to another suit, it must be rendered in a proceeding between the same parties or their privies, and the point of controversy must be the same in both cases, and must be determined *on its merits.*" (Italics ours.)

In this connection we beg leave to refer to the authorities cited and arguments made under other parts of this brief.

(d) *There Is No Privity of Parties.*

We contend that there is no privity shown between the petitioner and the Westinghouse Traction Brake Company that has at all times been open and avowed as must be the case under the authorities. There has at all times been careful concealment of the fact that the petitioner herein was under the control of or operated by the Westinghouse Traction Brake Company. The assets of the National Electric Company, Christensen's licensee, were sold at bankruptcy sale, and as we now know, bought in by the Westinghouse *Air Brake Company* in 1906. The transactions all appeared in the name of Charles L. Sullivan. (Plffs.' Ex. 64 and Rec. p. 156.) The stock was held in the name of John F. Miller under an undisclosed trust for the *Air Brake Company* and even President Tell of the petitioner who has worked for the petitioner throughout its entire existence did not surely know whether the stock was owned or the control was with the Westinghouse Traction Brake Company or the Westinghouse *Air Brake Company*. (Rec. pp. 138, 141.)

It is true that certain negotiations were had between Christensen, his then attorney, E. H. Bottom and Miller and Westinghouse in 1906, and that it was then assumed that they were officers of the Westinghouse *Air Brake Company*, a stranger to the proceedings. If, as counsel argue in their brief, Christensen and his said attorney thought in 1906 that the negotiations were had on behalf of the Westinghouse Traction Brake Company they were in error, as the undisputed record shows that that company had no interest in the petitioner by way of stockholding or otherwise at that time, nor not until about five years later. So far as the facts then were, the Traction Brake Company was at that time an entire stranger to petitioner. It was not until John F. Miller testified in Pittsburgh that it was definitely known that the stock in the petitioner herein had been transferred from the Westinghouse *Air Brake Company* to the Westinghouse *Traction Brake Company* as of July 31, 1911. That testimony appeared only in the accounting in the Wisconsin litigation and was not put in by petitioner until December 14, 1917, (Rec. pp. 155, 156, 158, 159) after the entry of the two decrees relied on by petitioner.

During all this time the Westinghouse *Air Brake Company* published a list of affiliated companies and it was

careful to exclude petitioner therefrom, and was at all times trying to let the public as well as respondents believe that petitioner was a separate, independent, and distinctly competitive corporation. The record shows that the Westinghouse Air Brake Company and the Westinghouse Traction Brake Company published circulars, catalogues, etc., giving lists of affiliated and associated companies. One of the catalogues shows among the companies associated with the Westinghouse Air Brake Company, were eight others, including the American Air Brake Company, Westinghouse Traction Brake Company, etc., but carefully omitting petitioner. Messrs. Westinghouse and Miller, respectively chairman of the board of directors and president of the Traction Brake Company, testified on this point and also as to competition that existed between these companies and the way the public was led to believe as to its existence. Their testimony is as follows: Mr. Westinghouse said: (Rec. p. 155)

"XQ-110. Will you refer to the last page of that catalog or bulletin? There is a list of affiliated companies given, which, I notice, does not contain the defendant, the National Brake & Electric Company. It is a fact, is it not, that that company was not generally advertised to the trade as being affiliated with either the Westinghouse Air Brake Company or the Westinghouse Traction Brake Company?"

"A. I do not recall that it was so advertised." John F. Miller testified: (Rec. p. 161.)

"XQ-106. Was the defendant company considered a competitor of the Traction Brake Company in the traction brake business since 1906?"

A. I don't think so.

XQ-107. Is it entirely owned and controlled by the Air Brake Company and Traction Brake Company, and for that reason you would not consider it a competitor?"

A. Not in the sense of being a company in other hands, but they have been competitive in the sense that we always put the selling force of one company up against the selling force of the other company, in an effort to see which would get the best results.

XQ-108. And the public was encouraged to look upon them as competitors, was it not?"

A. No effort was made to encourage them in that belief.

XQ-109. Or to discourage them?

A. Or to discourage them.

XQ-110. It was not customary to list it in your list of affiliated companies in publications, I suppose?

A. I believe not."

Mr. Westinghouse also testified as follows: (Rec. p. 155.)

XQ-82. Did you consider the National Brake & Electric Company, the defendant in this case, a competitor of either the Westinghouse Air Brake Company or the Traction Brake Company on and after 1906?

A. We considered the National Brake & Electric Company as supplying a field, and a type of machine, in which the apparatus furnished by the Traction Brake Company was not found as marketable as that of the National Company."

The Traction Brake Company suit was commenced by the filing of bill March 11, 1916 (Rec. p. 55). Previous to that time the only Westinghouse Company that had appeared in the transactions was the Westinghouse Air Brake Company, which is a stranger to both litigations. We submit that it is impossible for the petitioner to attempt to claim privity because of the existence of that company or any of its transactions. The first definite knowledge that respondent Christensen had of the transfer of the stock of petitioner from that company to the Traction Brake Company was the testimony of John F. Miller in December, 1917, hereinbefore referred to, although prior to that there was plenty of confusion on the part of petitioner's own officers as to the intercorporate contracts and relations between the Air Brake and Traction Brake Companies. *If they did not know surely respondent Christensen cannot be charged with knowledge and it cannot be said that the privity was open and avowed.*

It may be true that since 1911 the Traction Brake Company has owned the equitable title to all the stock in and thus had a right of control over the defendant herein. But the truth is that this fact was not published but was carefully concealed by means of having the stock stand in the name of *John F. Miller, an officer of both companies*, taking title to the property in the name of Charles L. Sullivan, the money being advanced for the Air Brake Company by the Standard Trust Company, and other simi-

lar devices to conceal the true situation. Furthermore, as the record shows, the different witnesses were not themselves clear as to the stock ownership or interrelation of the two companies, and the fact was not distinctly brought out that the stock had been transferred from the Air Brake Company, which organized the petitioner and held its stock for many years, to the Traction Brake Company until John F. Miller testified at Pittsburgh in December, 1917, that the *cestui* for whom he held the stock had in 1911 been changed from the Air Brake Company to the Traction Brake Company without any change in the legal title or any change upon the records and books of petitioner. This date was after the entry of the decrees relied upon by petitioner, they being entered October 1, 1917. Up to the time that those decrees were entered the petitioner did not know and had no means of knowing that the Traction Company was the owner of this stock. From its examination of petitioner's officers it knew that either the Air Brake Company or Traction Brake Company claimed to be such owner but the officers of the petitioner itself were not themselves clear which owned it. Can it be said with any ground of reason that Christensen should know more than they, particularly when he knew that the original purchase of the assets and organization of the company was all done by the Air Brake Company? *The burden of establishing and bringing home the true situation to respondents is not merely that they should show such facts as would put respondents on inquiry, but they must make a record which shows that the identity and the control were completely and unequivocally open and avowed.*

It is the undoubted rule that a mere stock holding by one corporation in another corporation is not sufficient to make them privies. This is true even though the one has the controlling stock interest in the other and by reason thereof is the moving cause in employing the counsel that actually defended the case. The basis of privity must be that the privy has a right to and actually does control the litigation. Whatever the rule might be as to the right of the Traction Brake Company to control the litigation in this court, it is clear that the petitioner here had no right to control or participate in any way in the litigation in the Pittsburgh case. It had no stock interest in the Traction Brake Company and no control of its methods or the conduct of the case, consequently it is not a privy

in the sense necessary in law to sustain petitioner's contentions. The rule has been thus stated in

Wilgus vs. Germain, 72 Fed., 773 (C. C. A. 9th Cir.)

wherein it appeared that certain partners were stockholders of the company that was sued were present and took leading parts in the suit against the corporation for infringement of a patent. They were held not to be bound by the decision, the court saying (p. 775):

"In order that one not a party may be precluded by a former adjudication, he must have been privy to the former proceedings or connected therewith in such a way that he had the right to control the litigation, or at least the right to appear by counsel and make motions and offer evidence and examine witnesses."

There are other cases to the same effect, to-wit:

Victor Talking Machine Co. vs. American Graphophone Co., 189 Fed., 359, 374.

Greene vs. Bogue, 158 U. S., 478-503.

Stromberg Motor Devices Co. vs. Zenith Carburetor Co., 220 Fed., 154, 157.

Cramer vs. Singer Mfg. Co., 93 Fed., 636-7 (C. C. A. 9th Cir.)

Foote vs. Parsons Non-Skid Co., 196 Fed., 951-3 (C. C. A. 6th Cir.)

Lane vs. Welds, 99 Fed., 286-8 (C. C. A. 6th Cir.)

The record is entirely silent as to any participation in or assumption of the defense of the Pittsburgh case by the petitioner, and not only that, but it is equally silent as to any such participation being open and avowed or brought to the knowledge of plaintiffs. The rule is clear that such participation must be open and avowed so that the estoppel may be mutual, otherwise the judgment is not binding. It has been held in

General Electric Co. vs. Morgan Gardner Electric Co., 168 Fed., 52, 56 (C. C. A. 7th Cir.)

that the fact that a manufacturer had paid part of the attorneys' fee and assisted in the defense of a customer, which was not disclosed to the plaintiff, would not be binding upon the plaintiff, the court saying:

"While the proofs show that appellee paid an attorney who appeared for the Garrett Coal Company and defended the suit, and that, at the conclusion of the liti-

gation, appellee paid a part or possibly all of the court costs, there is no proof that the attorney was not under the exclusive direction and control of the Garrett Coal Company or that appellee had any standing except as an interested and sympathetic non-participant."

In

Jefferson, etc., Co. vs. Westinghouse, etc., Co.,
139 Fed., 385, 386 (C. C. A. 3rd Cir.)

the court held a plea of *res adjudicata* was bad where no *scienter* was shown, and said:

"Certain it is that the Diamond Meter Company did not avowedly or openly conduct the defense in the Catskill case. No doubt (as now appears) that company did carry on the defense at its own expense, but this was done with such secrecy as not to expose its connection with the litigation. The allegation that the complainant knew that the Diamond Meter Company was participating in the defense of the Catskill case is not sustained by the proofs. The counsel for the complainant, indeed, had reason to suspect that the Diamond Meter Company was conducting the defense in the Catskill suit, but we think the evidence fails to bring home to them any certain information on the subject. The proofs as a whole satisfy us that the purpose of the Diamond Meter Company was to maintain such an attitude with reference to the Catskill suit that it might have the indirect benefit of the decree if favorable to the defendant therein, and yet not be concluded should the decree be adverse to the defendant. But if the Diamond Meter Company desired that the decree in the Catskill suit should operate as an estoppel in its favor, it was bound by avowal or open action to place itself in such an unequivocal position that the decree would be mutually binding as *res adjudicata* upon itself and upon the complainant. *Litchfield vs. Goodnow's Adm'r*, 123 U. S., 549, 8 Sup. Ct., 210, 31 L. Ed., 199; *Andrews vs. National Foundry & Pipe Works*, 76 Fed., 166, 22 C. C. A., 110, 36 L. R. A., 139; *Cramer vs. Singer Mfg. Co.*, 93 Fed., 636, 35 C. C. A., 508; *Lane vs. Welds*, 99 Fed., 286, 39 C. C. A., 528. Having concealed its connection with the Catskill suit while it was pending, it is too late now for the Diamond

Meter Company to set up the final decree in that case as an estoppel against the complainant."

The facts in that case are almost identical with the facts in this case. If the court in the Pittsburgh case had held the patent valid and infringed would we have expected on the part of petitioner any expressions of willingness to be bound by that decree in this or any other circuit? We submit that petitioner would not so have acted and that the record is absolutely silent as to any certain knowledge on the part of respondents as to petitioner's control of the litigation therein.

It is clear from the whole record that the Westinghouse Companies were playing a careful, secretive game. They were not disclosing any identity between the National Brake & Electric Company and the Traction Brake Company. Moreover the control of the petitioner was with the Westinghouse Companies and there was no corresponding control of the Westinghouse Companies by petitioner. Petitioner was an entire stranger to the Pittsburgh proceedings, had no right of participation therein or control thereof and did not participate therein in any wise. We submit therefore that the parties are not privies in the sense necessary in law to sustain petitioner's contentions and that the Westinghouse people are not entitled to conceal their ownership of petitioner until after final decree and then come and claim the benefit of the adjudication therein.

VII.

THERE IS NO DECREE IN THE PITTSBURGH LITIGATION AGAINST RESPONDENTS OR THEIR PRIVIES ON THE MERITS OF THE FIRST PATENT. IF PRIVACY BE ASSUMED, THERE IS A DECREE IN THAT LITIGATION WHICH IS BINDING ON THE PARTIES HERETO AND WHICH UPHOLDS THE VALIDITY OF THE FIRST PATENT IN VIEW OF THE ISSUE OF THE SECOND.

Petitioner's counsel state in their brief that there is no decree holding the first patent valid. The Court of Appeals in the Third Circuit held that while both patents could not, in their opinion, be valid, yet one of them was and "as between the two our decision is in favor of the first patent." (Rec. p. 111.) Not only that, but it re

manded the case for further proceedings upon the first patent. (See opinion of the Court on the first certiorari, Rec. pp. 107, 112, and the mandate therein, Rec. p. 113.)

The mandate orders that

"the decree of dismissal of the said District Court in this cause be, and the same hereby is reversed with costs, so far, and so far only, as it affects patents No. 621,324 issued March 21, 1899, and No. 635,280 issued October 17, 1899, and the bill is reinstated for further proceedings in conformity with the opinion of this court."

the opinion of the court having said that the case stood

"with the same effect as if the bill had originally been brought under the first patent."

Nay the court, not being satisfied with these clear statements *ex abundanti cautela* closes its opinion thus:

"To avoid misunderstanding, and if possible to prevent further controversy on several points, we may add that the petitioner is at liberty to urge any defense that may be available under its answer, with the same effect as if the bill had been originally brought under the first patent. On these matters we decide nothing, and we express no opinion upon the question (1) whether, in view of the date when the bill was filed, the remedy in equity was open to the plaintiffs; or upon the question (2) to what extent the petitioner is liable to account in case the equitable remedy be adjudged to have been available, and the petitioner be found to have infringed. (Rec. p. 112.)

If, as petitioner claims (which we do not by this argument concede) that the National Brake & Electric Co. is a privy of the Westinghouse Traction Brake Co., then this position that the first patent is valid is binding not only on the Traction Brake Company but on the defendant in the Wisconsin suit and is as much entitled to be pleaded in the Wisconsin suit as is the decree entered on the other phase of the Pittsburgh litigation, i. e., as to the second patent, entitled to be so pleaded.

VIII.

IN ANY EVENT THIS COURT HAS POWER (IF IT HAS JURISDICTION), IF IT DEEMS IT NECESSARY OR ADVISABLE TO DISREGARD THE REFERENCE TO THE SECOND PATENT OR, IF NECESSARY, TO CONSTRUER THE MANDATE AND DECREE SO AS TO REFER TO THE MONOPOLY RIGHT OR CONTRACT IRRESPECTIVE OF PATENT NUMBERS OR WITH PARTICULAR REFERENCE TO THE FIRST PATENT.

In the event that this court shall decide (a) that it obtained no jurisdiction by the issuance of the writ of certiorari, or (b) that the decree of the Court of Appeals for the Seventh Circuit holding the patent valid and infringed was a final decree, or (c) that it was final so as to constitute the law of that case, then and in any of such events no revisory action will be necessary by this court. Should this court hold that such decree is final, that necessarily disposes of the whole matter. On the other hand, should this court hold that the decree is interlocutory, then it has power, assuming its exercise to be necessary or advisable, either to construe that decree or to amend it to conform to the facts. If the decree be interlocutory it must of necessity be *in gremio* at least for the purposes of amendment and construction.

The trial in the District Court for the Eastern District of Wisconsin on the whole issues was on a full and elaborate record and presented all the evidence that was or is necessary to permit that court or this court to determine any and all of the questions involved between the parties. All the defenses were made that were open and available to petitioner to make, and there was no defense of want of notice or marking. This was caused, first, by its admission of these issues, and second, because the undisputed record shows not only marking under the second patent but complete personal notice brought home to petitioner of both patents, among other things by being licensed under both patents at the same time, by extended conferences of petitioner's officers held at Wilmerding, Pennsylvania, at which both patents were gone over by its patent experts in attempts to devise a non-infringing compressor, by the allegation of its answer filed in 1907 in which it set up the existence of the first patent as a de

fense to the second, and by its continuing to infringe after the filing of the bill and the amended bill setting up both patents. In short, the finding of the Master in the Wisconsin litigation that the infringement "*can fairly be called wanton and deliberate*" is well founded.

Petitioner has argued its case to the Wisconsin court on every conceivable theory, whether self-consistent or not, it has submitted all the evidence available, nay more, it has stipulated that the evidence it has put in is applicable to both patents and made a complete record as to each, and thus it is estopped from now or hereafter attempting to set up any new issues (after several years of expensive accounting litigation in reliance thereon) by its admissions, its stipulation, and by the record.

In the event that this court shall find the decree of the District Court for the Eastern District of Wisconsin is interlocutory merely and that the decree in the Third Circuit was final as to the second patent, we submit it will be the duty of this court, in furtherance of the administration of justice, to construe the decree in the Seventh Circuit in conformity, not only with the construction placed thereon by the District Court and the Circuit Court of Appeals for that circuit, but also in conformity with the decree of the Circuit Court of Appeals for the Third Circuit wherein the latter court states that its holding is in harmony with that of the Seventh Circuit as respects the validity of the first patent. Such a construction would exactly conform to the prayer of the amended bill and would be entirely consonant with the limitation of the term of the patent monopoly grant as conceded and contained in the bill and contained in the decree itself, i. e., March 21, 1916, seventeen years from the issue of the first patent.

In event that this court sees fit to go into the question of double patenting and determine which of the two patents evidences the grant to respondent Christensen, this court has power in view of the record before it to direct the United States District Court for the Eastern District of Wisconsin to treat its decree of August 21, 1914, which upholds the patent grant and in terms refers to the second patent, as being based upon the first patent. Such a direction seems to us hardly necessary in view of the opinion of the District Judge (Rec. p. 242) wherein he takes that same view. However, should it be thought necessary to admonish the District Court or to actually amend the decree in terms but not in substance so as to refer to the

first patent, such amendment could be directed by this court. Respondents' position is that were any amendment to be made it should amend the decree in consonance with the prayer of respondents' amended bill, i. e., to find the existence of the patent grant in respondent Christensen, the date of the termination thereof and without necessarily referring to either of the two patents as being the sole evidence of the grant.

The power of this court to make such construction, or, if necessary, modification, either in the decree of August 21, 1914, or in the further decree to be entered finding the amount of the damages and profits, is clearly existent, and has been exemplified by the action of this court in other cases. In

The Tremolo Patent, 23 Wall. 518, 527, this court made amendments more far-reaching than any such amendment would be in this case, and made them even after the entry of final decree. As illustrative of the doctrine, we quote from that case as follows:

"We think that the order of the court directing that the record be amended by inserting in the bill an averment of the second reissue was properly made, under the circumstances of the case, though made after the final decree. For practically the rights of the complainants under the second reissue, and the defendants' infringement thereof were in issue under the answer and the replication. The amendment deprived the defendants of no rights which they had not enjoyed during all the progress of the trial. It may well be denominated only an amendment of form, because it introduced no other cause of action than that which had been tried. It is true that an amendment which changes the character of the bill ought not generally to be allowed after a case has been set for a hearing, and still less after it has been heard. The reason is that the answer may become inapplicable if such an amendment be permitted. But in this case the defendants were not prejudiced. They had every advantage they could have had, if the bill had originally averred the second reissue. The case is undoubtedly anomalous, but we think justice would not be subserved by denying to the Circuit Court the power to order such an amendment as was made, after the cause was tried precisely as it must have

been tried if the bill had originally contained the averment inserted by the amendment." (P. 527.) (*Italics ours.*)

CONCLUSION.

or the reasons stated respondents respectfully submit:

1. That petitioners have mistaken their remedy and this court is without jurisdiction to review by certiorari the original proceeding brought in the Circuit Court of Appeals for the Seventh Circuit.

2. That the decision and decree of the courts in the Seventh Circuit are correct and final adjudications and constitute the law of the case and were binding upon those courts and should not be set aside or reversed because of any adjudications elsewhere.

3. That there is no conflict between the decisions of the Courts of Appeal of the Third and Seventh Circuits. Both have found a valid patent right in respondent Christensen. If there is such conflict the decision in the Seventh Circuit, being first, should control.

4. That the rights of respondent Christensen should not be lost by reason of the patent office errors nor frittered away by any such judicial legerdemain as is claimed by petitioner.

5. The decree of the District Court in Wisconsin and of the Court of Appeals for the Seventh Circuit were both correct, particularly as construed by those courts, and no ground for correction arises, but if interpretation or modification is necessary it should merely be to the extent of declaring respondent Christensen's right without reference to the second patent as the sole evidence thereof.

Respectfully submitted,

JOSEPH BELL COTTON,
WILLIAM R. RUMMLER,
WILLET M. SPOONER,
LOUIS QUARLES,
Counsel for Respondents.

APPENDIX A.

(A) CHRONOLOGY OF WISCONSIN SUIT.

Date.	Record page.	
Mar. 21, 1899		Patent No. 621,324 issued.
Oct. 17, 1899	106	Patent No. 635,280 issued.
Dec. 17, 1906		Equity suit No. 474 commenced in District Court, bill setting up patent No. 635,280.
Mar. 1, 1907	26	Answer filed.
Nov. 12, 1913	18	Amended bill including patent No. 621,324 filed.
Feb. 10, 1914	30	Order entered re answer to original bill standing as answer to amended
Aug. 1, 1914	32	Opinion of Geiger, D. J. upholding patent, finding infringement, etc.
Aug. 21, 1914	39	Decree holding patent valid and infringed and ordering accounting.
Oct. 5, 1915	41	Decision of C. C. A. 7th Circuit affirming District Court. (229 Fed. 564).
Jan. 3, 1916		Rehearing denied by C. C. A.
Feb. 21, 1916	50	Writ of certiorari denied by U. S. Supreme Court. (241 U. S. 659).
Mar. 4, 1916		Mandate of C. C. A. 7th Circuit record transmitted to H. L. Kellogg, special master, and accounting commenced.
Mar. 9, 1918	16	Motion made in District Court to stay proceedings and dismiss bill.
July 26, 1918	242	Opinion by Geiger, D. J., denying motion to stay proceedings and to dismiss bill.
July 31, 1918	252	Order by Geiger, D. J., denying motion.
Dec. 3, 1918		Motion filed by defendant for leave to file supplemental answer setting up the asserted res adjudicata.
Dec. 7, 1918		Order entered denying motion for leave to file supplemental answer.
Mar. 26, 1919		Final report of special master filed.

July 14, 1919	Motion of petitioner to stay accounting because of certiorari argued before Geiger, J.
Sept. 19, 1919	Motion denied by Judge Geiger.

(B) PITTSBURGH LITIGATION.

Date.	Record page.	
Mar. 11, 1916	57	Suit commenced in District Court against Traction Brake Company.
Feb. 24, 1917	102-4	Suit dismissed by District Court without prejudice on motion of plaintiffs.
Mar. 1, 1917	104	Defendant's motion made for judgment on the record as to patents Nos. 621,324 and 635,280.
Apr. 23, 1917	50	Petition for writ of certiorari or mandamus to review order of Feb. 24/17, filed in C. C. A. Third Circuit.
July 3, 1917	107	Decision of C. C. A. Third Circuit holding as between the two patents patent No. 621,324 was valid and patent 635,280 was void as evidence of the grant. (243 Fed. 901).
July 3, 1917	113	Decree of C. C. A. 3d Cir., filed reversing and modifying decision of lower court.
Aug. 3, 1917	114	Mandate of C. C. A. Third Circuit filed in District Court.
Oct. 1, 1917	115	Decree entered by District Court pursuant to mandate dismissing action as to patent No. 635,280.
Oct. 1, 1917	117-198	Order entered dismissing bill as to patent No. 621,324 for want of prosecution.
Dec. 1, 1917	201	Motion for dismissal of bill on the merits.
Jan. 7, 1918	200	Decree of District Court dismissing entire suit on merits.
Jan. 10, 1918	209	Petition to vacate decree of January 7, 1918.

Feb. 11, 1918	214	Opinion of Orr, D. J., vacating decree of Jan. 7/18.
Mar. 11, 1918	218	Decree entered vacating decree of Jan. 7/18 and dismissing bill as to patent 621,324 for want of prosecution.
Mar. 1918	191	Petition filed with C. C. A. for the Third Circuit praying that decree of March 11/18 be vacated and decree of Jan. 7/18 reinstated.
June 3, 1918	235	Opinion of C. C. A. 3d Circuit affirming decree of March 11/18. (252 Fed. 392).
June 3, 1918	241	Order of C. C. A. 3d Circuit denying petition for mandamus, etc.

(C) ORIGINAL PROCEEDINGS IN C. C. A. SEVENTH CIRCUIT LOOKING TO DISMISSAL OF WISCONSIN LITIGATION.

Date.	Record page.	
Aug. 19, 1918	1 & 253	Original petition filed in C. C. A. 7th Circuit.
Aug. 19, 1918		Motion for stay of accounting pending hearing said petition argued and denied.
Sept. 10, 1918	7	Answer to petition filed denying jurisdiction, privity, etc.
Apr. 29, 1919	255	Decision filed in C. C. A. 7th Circuit denying petition. (258 Fed. 880).
June 2, 1919		Petition for writ of certiorari to U. S. Supreme Court filed.
June 9, 1919		Writ of certiorari granted.
June 20, 1919	220	Record on certiorari sent to Supreme Court.
Sept. 30, 1919		Petition to stay accounting because of certiorari filed in C. C. A. 7th Circuit.
Oct. 6, 1919		Answer to petition for stay in C. C. A. served and filed.
Oct. 7, 1919		Petition for stay in C. C. A. argued and dismissed for want of jurisdiction.

- Oct. 27, 1919 Motion for writ of prohibition in U. S. Supreme Court filed.
- Nov. 10, 1919 Motion for writ of prohibition in U. S. Supreme Court denied.
- Nov. 17, 1919 Motion to dismiss writ of certiorari for want of jurisdiction filed in the Supreme Court.
- Nov. 17, 1919 Order entered by Supreme Court postponing motion to dismiss and ordering oral argument in connection with hearing on the merits.

FILED
DEC 6 1920

JAMES D. MAKER,
CLERK.

IN THE

Supreme Court of the United States.

OCTOBER TERM, A. D. 1920.

No. 111

NATIONAL BRAKE & ELECTRIC COMPANY,
Petitioner,

vs.

NIELS A. CHRISTENSEN AND ALLIS-CHALMERS
COMPANY,
Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF
APPEALS FOR THE SEVENTH CIRCUIT.

REPLY BRIEF FOR PETITIONER.

JOHN S. MILLER,
EDWARD OSGOOD BROWN,
PAUL SYNNESTVEDT,
CHARLES A. BROWN,
*Counsel for Petitioner, National
Brake & Electric Company.*



IN THE
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OCTOBER TERM, A. D. 1920.

No. 111.

NATIONAL BRAKE & ELECTRIC COMPANY,
Petitioner,

vs.

NIELS A. CHRISTENSEN AND ALLIS-CHALMERS
COMPANY,
Respondents.

BRIEF FOR PETITIONER IN REPLY.

I.

RESPONDENTS' MOTION TO DISMISS CERTIORARI FOR WANT OF
JURISDICTION.

Counsel for respondents in their main brief (pp. 14-15),
renew their motion to dismiss which was submitted at Oc-
tober term, 1919; and they add some further argument
and authorities to their former brief filed with their mo-
tion; to which we ask leave to reply and supplement our
former brief in opposition to the motion to dismiss.

Ground of Motion to Dismiss.

This motion is based upon the ground that the pro-
ceeding in the Court of Appeals, here under review, was
an original and independent suit, and not a dependent
or supplemental proceeding in the patent suit and ap-

peal, No. 2163, in the Court of Appeals; and was not a suit arising under the patent laws; and, therefore was not one in which the decision of the Court of Appeals was made final by Section 128 of the Judicial Code; and so was not one the judgment in which can be reviewed by this court by certiorari under Section 240; but was one reviewable here only by appeal under Section 241 of the Judicial Code.

1. In order to get on common ground let us apply the test which respondents' counsel prescribe (brief, p. 14) viz., that the proceeding is to be characterized solely by the mould in which petitioner first cast his petition and the name which he first gives to it, and that he is thereby estopped to claim it to be anything else.

Looking now at the petition (Rec., 1 to 6), it will be seen that so far from bringing an independent suit or proceeding, the petitioner *entitled* and *made* its petition here in question in the *Patent Case No. 2163* on the docket of that court—the case of the appeal by petitioner from the interlocutory decree of the District Court of August 21, 1914, in Case No. 474 in equity. Petitioner designated such “application” also as a “motion” in said cause (Rec., 1, 2, 6), and itself as “applicant and petitioner” who “moves and prays.” (Id., 5.) The petition designates the decree of August 21, 1914, an interlocutory decree (Id., 2), and alleges that petitioner is advised that the Court of Appeals having affirmed said decree of August 21, 1914, the District Court has not and may not have without the assent or authority of the Court of Appeals, the right to entertain a motion or application to set aside said decree so affirmed; and alleges that the Circuit Court of Appeals has jurisdiction and power to entertain such motion or application there made. (Rec., 4.)

So we submit that the petitioner cast its petition in the "mould" of a dependent or supplemental proceeding for review, and not of an independent suit.

2. *Again, the Respondents and the Circuit Court of Appeals, as well as the Petitioner, treated and dealt with the Petition and proceeding as made in said Patent Case No. 2163, and not as an independent suit.*

For instance, the rule upon respondents to answer the petition—which bore the express approval of counsel for both parties endorsed thereon—was entitled, "No. 2163. *National Brake and Electric Company, Appellant-Petitioner, v. Niels A. Christensen and Allis-Chalmers Company, Respondent-Appellees.*" (Rec., 6.) The answer of respondents was entitled in the same way (Rec., 7); as was the stipulation of the parties as to the record. (Rec., 13-14.) And all the orders made by the Court of Appeals, and its opinion, were entitled in said cause, No. 2163, on the docket of that court. (Rec., 254, 255, 256, 264.) The case No. 2163 in the Circuit Court of Appeals and No. 474 in equity, in the District Court were stages of one suit.

Our petition was supplemental and in review and brought before the court (while the Patent Case No. 2163 in the Court of Appeals and No. 474, in Equity, in the District Court was still in an interlocutory stage), new matter—a new fact—which had occurred since the former interlocutory orders, viz., the final judgment of the District Court in the Pennsylvania suit (which was between the same plaintiffs and a privy of the defendant), adjudging the second patent to be invalid.

The proceedings here bore upon a principal issue in said Wisconsin suit, viz., the question of the validity of said second patent.

3. The designation of our proceeding here in question as "an original proceeding" in the opinion of the Circuit Court of Appeals and in our petition for certiorari is of no significance on the material question here.

The character of the proceeding is shown by the petition and record, and not by what it may have been so called.

In the opinion of the Circuit Court of Appeals after a brief statement of the prior litigation, it is said:

"And now petitioner comes before us in an original proceeding, asking that we recall our mandate, vacate our decree, find that the Pennsylvania decree is *res adjudicata* in this case, and thereupon direct the vacation of the Wisconsin decree and the dismissal of the bill on the merits." (Rec., 257.)

Our petition for certiorari (p. 10), and our brief in support thereof (p. 11) referred to this designation of the proceeding by the Court of Appeals, and spoke of it under the same designation. The statement by the court of the proceeding and what it seeks, which we have just quoted, clearly shows that it was one in the Patent Case No. 2163 in that court, and excludes any theory that it was a new or independent suit or proceeding, as the respondents claim for it.

The proceeding was "original" only in the sense that the petition was made directly in the Court of Appeals and did not reach that court by appeal from a ruling thereon by the District Court. And that was the sense in which the word was used.

4. This proceeding was one seeking a review of an interlocutory ruling, based on new matter—a controlling fact—occurring since such ruling. If there had been no appeal from the interlocutory decree of the District Court in the Wisconsin suit, and the application here to give effect to the Pennsylvania final decree as *res adjudicata*

had been made in the District Court (as it might have been in that event), the petition would have been a petition or bill of review, or one in the nature of a bill of review, which is proper where based on new matter (the Pennsylvania final decree) which arose after the entry and affirmance of the interlocutory decree of August 21, 1914. *Hill v. Phelps* (C. C. A. 6th Cir.), 101 Fed. 527; Lord Chancellor Bacon's First Ordinance (quoted by Judge Sanborn in the case last cited); *Dowagiac Co. v. McSherry Co.* (C. C. A. 6th Cir.) 155 Fed. 527; Story's Eq. Pldg. Sec. 404.

Here, however, under the rule of practice applied in the *Potts case*, 166 U. S. 263, which forbids the trial court from entertaining such an application without the assent or authority of the Circuit Court of Appeals which had affirmed the interlocutory decree, it was thought to be necessary for us to apply to that court, as we did. Our petition, while praying certain specific relief—which we conceived was within the power of that court, in order to avoid circuity of action and unnecessary litigation—also prayed “for such other and further or different orders, directions, writs or relief, as, the premises considered, to this court shall seem proper or necessary, to the end that the rights and equities of this applicant and petitioner be secured and enforced.” (Rec., 6.)

5. The rule entered by the court to answer our petition (which was approved by both parties) was (or implies) leave to file our petition—if any such consent was necessary.

The Court of Appeals properly entertained and heard the petition, and (as we understand its position) recognized that if the case there was at the interlocutory stage, then (under the ruling of this court in the *Hart Steel Co. case*) the issues—(1) whether the decree of

the Pennsylvania court was a final adjudication as to the validity of Patent 635,280, and (2) whether the party defendant in the Wisconsin suit was privy to the decree in the Pennsylvania suit—were triable there in the Court of Appeals at Chicago upon the petition and answer herein. (Rec., 263.) All the facts were there (and here) presented by uncontroverted records, as they were in the *Hart* case. The jurisdiction of the Court of Appeals of the whole matter was complete. There was no occasion and there was no disposition manifested by that court to send us with our application to the District Court.

No court has been more explicit and positive than this court in expressing and acting upon the rule and policy of avoiding circuitry of action and saving the expense of unnecessarily prolonging litigation, by the complete disposition of the case by the Appellate Court having before it everything necessary to its disposition. *Smith v. Vulcan Iron Works*, 165 U. S. 518, 525; *Donovan v. Pa. Co.* 199 U. S. 279; *Hamilton Shoe Co. v. Wolf*, 240 U. S. 251, 258, 9; *Denver v. New York Trust Co.* 229 U. S. 123, 136. This court acted upon that rule in deciding the issues of privity and *res judicata* (as the Court of Appeals should have done) in the *Hart Steel Co.* case.

II.

THE DECREE OF THE DISTRICT COURT OF AUGUST 21, 1914, IN THE WISCONSIN CASE, AND THE DECREE OF THE CIRCUIT COURT OF APPEALS, WERE INTERLOCUTORY AND NOT FINAL. (Our Main Brief, pp. 44 *et seq.*)

CASES IN THIS COURT CITED BY RESPONDENTS' COUNSEL DO NOT APPLY TO A PATENT DECREE SUCH AS IS HERE INVOLVED.

We submit that the decisions of this court cited by us on pages 44 to 47 of our main brief settle the point that such a decree is interlocutory.

None of the decisions of this court cited by respondents' counsel upon this question were patent cases except *Providence Rubber Co. v. Goodyear*, 9 Wall. (76 U. S.) 788, 801; and that case appears to have been *an appeal from the final decree following the accounting*. The language quoted by counsel for respondents (Brief, p. 19) from the opinion in that case was said in connection with the ruling there by this court sustaining the master's action in extending the accounting to include infringements up to the time of his hearing. The case has no sort of application here.

The learned counsel have given no consideration in their brief to the cases cited by us (Brief, pp. 40, 44-45) (commencing with *Barnard v. Gibson*, 7 How. 650, decided more than 70 years ago) which hold decrees such as the Wisconsin decree in question here to be interlocutory and not final. Nor have they given any heed to the distinction between final and interlocutory decrees so clearly defined by Mr. Justice Brown in *McGourkey v. Toledo & O. Ry.* 146 U. S. at p. 541-551, quoted by us in our brief (pp. 45-46).

Counsel also cite decisions of Circuit Courts of Appeal (Resp. Brief, pp. 19-22)—a very few of which are patent cases and none of which are in point. On the other hand, in our brief in support of the petition for certiorari here (pp. 13 to 24), we cited cases in those courts, including the Court of Appeals for the Seventh Circuit holding that such decrees were merely interlocutory and not available as an estoppel in respect to any issue; and a ground for our petition was the conflict of the decision upon that question of the Court of Appeals here under review with such other decisions, both of the Seventh Circuit and of other circuits.

The Decree here was interlocutory because the Master was plainly given important judicial functions under the Decree and not ministerial duties only.

The decree here does not refer the case here to the master "for ministerial purpose only," which is the test of finality as held in the *McGourkey* case, 146 U. S. 536, 551, and other cases.

The master here was appointed "to ascertain and report to the court the number of combined pumps and motors involving the subject matter of the claims of Patent No. 635,280, that have been made and also that have been sold by the defendant in infringement of the patent, and the gains and profits made by the defendant thereon, and the damages sustained by the complainant by reason of such manufacture and sale." (Rec., 40.) The master was to determine what machines of defendant were infringements.

The manufacture and sale on which the decree found infringement was between December 1, 1906 and the commencement of suit December 17, 1906. (Stipulation Rec., 31.)

The master here is not confined to any particular pump and motor manufactured or sold by defendant; but includes *all*, whenever made or sold.

The practice prevails in references to a master for an accounting under such decrees in patent cases for the master to perform such judicial function, and this practice is sustained by numerous authorities, of which we ask leave to refer to *Louis Metzger & Co. v. Berlin* (C. C. A. 2nd Cir.), 194 Fed. 426; *Karrell v. Brown* (C. C. A. 2nd Cir.), 208 Fed. 887; *Brown v. Drehan*, 171 Fed. 438. In the case of the *Cawood Patent*, 97 U. S. 695, 708, this court sustaining the patent, instead of deciding whether there had been any infringement, referred to a master to find what machines used by the defendants were infringements; and this practice was not disapproved by this court. So, as we maintain, such decrees in patent cases as that in question here which this court has repeatedly and consistently held to be interlocutory only, are not in the class with foreclosure decrees and others cited and relied on by respondents, which have referred to a master only ministerial matters.

Respondents' Contention as to the Law of the Case and Res Judicata is unsound. As bearing on the case and question here they are entirely distinct rules.

Counsel maintain that "the doctrine of the law of the case and that of *res adjudicata* are but phases of one and the same rule, and are not separate and distinct and independent rules." (Brief, p. 23.) This court has settled that question against counsel's contention. In *Remington v. Central Pacific Railroad*, 198 U. S. 95, 100, this court said of the rule of the law of the case that, "it is but practice and not want of jurisdiction that makes the rule." On the other hand, in *Hart Steel Co. v. Railroad Supply Co.* 244 U. S. 294, 299, the court said of

res judicata, that "this doctrine of *res adjudicata* is not a mere matter of practice or procedure," but "a rule of fundamental and substantial justice 'of public policy and private peace,' which should be cordially regarded and enforced by the court to the end that rights once established by the final judgment of a court of competent jurisdiction shall be recognized by those who are bound by it in every way wherever the judgment is entitled to respect."

Thus this court has clearly drawn the very important distinction between the rule of practice known as the law of the case—which itself recognizes the jurisdiction and power of the court to ignore it—and the rule of *res adjudicata* which is compulsory and binding.

Assuming as we here do that the former decrees in this Wisconsin case were interlocutory and within the power and control of the Circuit Court of Appeals, and not final and beyond its power to reverse or interfere with—we submit that the final decree in the Pennsylvania suit *was binding* upon the Court of Appeals and District Court in the Wisconsin suit.

III.

WE CONTROVERT RESPONDENTS' CONTENTION THAT THERE IS A VALID EXISTING GRANT OF PATENT RIGHT IN RESPONDENT CHRISTENSEN, OR THAT THE COURTS OF BOTH CIRCUITS HAVE SO FOUND. (Respondents' Brief, pp. 37-40.)

There was no decree or finding by either of the courts in the Wisconsin suit that any patent or patent right existed other than Letters Patent 635,280. The only finding or judgment was that Patent No 635,280 was good and valid and had been infringed by defendant—which was made by the District

Court (Rec., 40) and affirmed by the Circuit Court of Appeals. (Rec., 50.) In effect that was a judgment that Letters Patent No. 621,324 were canceled and non-existent.

No more did the Circuit Court of Appeals for the Third Circuit find or adjudge that Letters Patent No. 621,324 were valid or existing.

Respondents rely in support of their contention here of course upon the language of the opinion of the court, parts of which they quote. (Brief, pp. 37-39.) But their contention is fully answered and refuted by the last paragraph of the opinion, which we quote in full:

"To avoid misunderstanding, and, if possible, to prevent further controversy on several points, we may add that the petitioner is at liberty to urge any defense that may be available under its answer, with the same effect as if the bill had been originally brought under the first patent. On these matters we decide nothing, and we express no opinion upon the question (1) whether, in view of the date when the bill was filed, the remedy in equity was open to the plaintiffs; or upon the question (2) to what extent the petitioner is liable to account in case the equitable remedy be adjudged to have been available, and the petitioner be found to have infringed." (Rec., 112.)

Plainly the Circuit Court of Appeals could not itself have decided that Patent 621,324 is valid, and at the same time leave the petitioner there (defendant in the suit) at liberty to urge the defense of invalidity which its answer asserted, and of which the Court of Appeals said "we decide nothing."

Clearly, the defense of the non-existence and invalidity of Letters Patent 621,324 were "available under its answer":

(a) The facts that patentee Christensen refused to

accept Letters Patent 621,324 and returned them to the Patent Office with such refusal and with the direction or request that they be canceled, and that they were accordingly canceled by the Commissioner of Patents, and Letters Patent 635,280 issued in lieu thereof, running for seventeen years from and after its own date, October 17, 1899, instead of for seventeen years from and after the date of Letters Patent 621,324 (March 21 1899), *were alleged in the bill of complaint.* (Rec., 59-60.) This allegation was not denied by the answer of defendant. (Rec., 67-70.) That matter of defense, viz., that Patent 621,324 had never been accepted, and so stood canceled and nonexistent—appearing from the bill itself—was then clearly “available under its answer.”

(b) The answer also denied the validity of Patent 621,324 on other grounds. (Rec., 68-69.)

The Court of Appeals said what we have quoted, “to avoid misunderstanding, and if possible to prevent further controversy”;—and, as we maintain, to prevent any such controversy or contention as is now presented by the respondents here, viz., that the court there was deciding either the validity of Patent 621,324, or that that court “upheld the patent and the right to recover,” or that “it did not differ from, but was in full harmony with” the decision in the Seventh Circuit; or any other issue than the question of the validity of Patent 635,280.

The Circuit Court of Appeals there reversed the order of the District Court entered on plaintiff's motion dismissing their bill without prejudice; and directed the entry of the decree—which was entered October 1, 1917 (Rec., 115)—adjudging the second patent invalid, and remanded the case for hearing upon what was left of the bill. Thereupon, on the same day the bill of complaint—what was left of it—was dismissed in the District Court

for want of prosecution. (Rec., 117, docket entry of October 1; p. 203, affidavit of Spooner; pp. 209-10, petition of plaintiffs; p. 125, opinion of District Court; and p. 218, order.) These were the only orders or decrees entered in the Pennsylvania suit after the case was remanded to the District Court. With that dismissal, there went so much of that suit as was based upon the first patent, 621,324, or upon any cause of action therein asserted other than the second patent, 635,280; and the decree adjudging that patent invalid became absolute and final with the expiration of the term of court at which the suit was dismissed.

We submit there is no ground for the contention by respondents that there has been any adjudication in the Pennsylvania suit sustaining Patent 621,324 or any other cause of action asserted in that suit.

IV.

AS TO RESPONDENTS' CONTENTION THAT THEIR RIGHTS ARE IDENTICAL UNDER THE FIRST AND SECOND PATENTS; AND AS TO NOTICE AND MARKING. (Page 40.)

RESPONDENTS' ALTERNATIVE CASE.

Their argument here and (for the most part) from here on, as we understand it, is in support of their alternative case, in case the second patent be held invalid and out of the case, *i. e.*, the case presented by their amended bill, minus Patent 635,280.

Taking up counsel's line of argument in its order:

1. Respondents contend that no question exists in the Wisconsin suit as to want of notice or marking. (Brief, p. 40.) We do not think there is any room for question as to the facts. There was no notice or mark-

ing, except as to or under the invalid patent, 635,280—none as to or under Patent 621,324 or respondents' alternative case. Let us see:

(a) *As to notice other than marking.*

The notice given by the record in the Patent Office was that Letters Patent 621,324 were canceled and destroyed and that only Patent 635,280 was in existence.

The allegations of the amended bill with respect to notice other than marking are as follows:

"Seventh. Plaintiffs further allege and state that the defendant has well known all the facts hereinbefore set forth, but nevertheless contriving to injure the plaintiffs and each of them and to deprive them of the profits, benefits and advantages which might and otherwise would have accrued to the plaintiff from the said exclusive grant and monopoly, whether evidenced by said letters patent or either of them, or otherwise, the defendant" (has unlawfully made, used and sold, etc.). (Rec., 22-23.)

"Ninth. Plaintiffs further allege and state that, prior to the institution of this action, they caused due notice to be given to the defendant of said infringements and of the rights of plaintiffs in the premises." (Rec., 23.)

We maintain:

(1) That knowledge is not equivalent to nor does it supply the need of the notice required by Section 4900 of the Revised Statutes.

(2) The knowledge of all the facts thereinbefore set forth, here alleged in the bill, included knowledge that Patent 621,324 had not been accepted and was canceled at the instance and request of the patentee; and so was not in existence. This allegation cannot be construed to mean that defendant knew of the alternative claim made in the bill under said canceled first patent, or under a supposed monopoly right inde-

pendent of any existing valid letters patent prior to the filing of the amended bill on November 12, 1913. Such knowledge of defendant was confined to the facts alleged that Christensen refused to accept Patent 621,324 and returned the same with such refusal, and that said Letters Patent 621,324 stood and stands canceled upon the records of the Patent Office, by Christensen's procurement, and that no application had been made by Christensen to the Patent Office for any restoration to him of said canceled Letters Patent 621,324 or for any reissue or other correction of the defects or supposed mistakes after the issue of the second patent, and that plaintiffs filed their original bill December 17, 1906, based only the second patent, and stood upon the record of the Patent Office showing 621,324 canceled, and 635,280 outstanding and running for seventeen years from its own date, until the filing of their amended bill November 12, 1913. Such was the knowledge of defendant of the facts alleged in the bill. Defendant was not charged by the bill with any other facts than those alleged.

(b) Plaintiffs' allegation that prior to the institution of the action they caused notice to be given to defendant of the alleged infringements charged in the bill, must have been notice of the infringement of the second patent, 635,280, which alone plaintiffs were then asserting. Knowledge by defendant of that patent as early as May, 1906, was stipulated. (Rec., 31.) It certainly was not any notice of any claim under the first patent, 621,324, or other alleged causes of action which first appeared in the amended bill filed November 12, 1913.

(c) *As to marking under Rev. Stat. Sec. 4900:*

As we have said plaintiffs only alleged in their amended bill the marking under the second patent. (Rec., 22.) No allegation was made of marking under the first pat-

ent; so that there was nothing on that for us to deny in our answer. Therefore, so far as their case on the first patent, or their alternative case—their case minus the second patent—is concerned, there is in this suit no question of marking—*there was no such marking*.

(d) Knowledge,—even if it was as full and complete as the learned counsel contends,—is not equivalent to notice, which is required by Rev. Stat. Sec. 4900, in order to entitle plaintiff to recover. *Dunlap v. Schofield*, 152 U. S. 244.

But here, may be repeat, there was no knowledge on the part of petitioner of Patent 621,324, except the fact shown by the records of the Patent Office that the patentee had returned it with his refusal to accept it, and it had been canceled at the patentee's instance and Patent 635,280 issued.

To respondents' contention (Brief, pp. 43-44) that it is too late for petitioner to raise the question of want of notice, we reply that we certainly can claim want of any other notice than such as is alleged. There can be no claim of notice or knowledge other than that alleged in the amended bill. We need not deny any notice not alleged. Any failure in our answer to deny notice cannot enlarge the plaintiffs' allegations of notice, or furnish any basis for their contending that "the question has not been raised by the pleadings."

2. Counsels' contention (Brief. pp. 50, 63), that letters patent are analogous to title deeds and that actual delivery is unnecessary, but may be presumed, has no application to respondents' alternative case here for the reason that their bill of complaint shows that Christensen refused to accept and rejected the first patent. (Rec., 19-20.) Any presumption of delivery and acceptance is thereby excluded. The case of *U. S. v. Schurz*, 102 U. S.

(12 Otto), 378, cited by counsel, does not help respondents' situation. That case recognized that delivery and acceptance were necessary, but were to be presumed. Here such presumption is excluded.

Counsel for respondents are mistaken in conceiving (Brief, p. 63) that we claimed that a patent is a specialty contract. We said "a peculiar kind of contract and a contract which depends for existence on the very *grant* contained in those letters patent." (Brief, p. 84.)

V.

RESPONDENTS' CONTENTIONS IN DIVISION V OF THEIR BRIEF CONSIDERED.

Respondents' contention (Brief, p. 48) that the certiorari here was granted to review only the question of the finality of the decree is clearly refuted by the broad terms of the prayer of our petition for certiorari (p. 10), for such other and further relief in the premises as this court may deem appropriate; and by the writ of certiorari itself. (Rec., 265.)

Counsel's Contention that the Patent Office's Error did not and could not affect Christensen's Rights. (Brief, p. 53.)

Not without Christensen's authority or consent.

But the Commissioner of Patents was clearly authorized to cancel Letters Patent 621,324, upon the patentee's statement to him in writing that he refused to accept that patent and asked that it be canceled,—all of which is alleged in the amended bill of complaint. That act of cancellation was not the mistake of the Patent Office. The Patent Commissioner had the right to assume the correctness of Christensen's assertion that he refused to

accept the first letters patent; and thereupon to cancel them by Christensen's direction. Certainly Mr. Christensen had no cause for complaint of such cancellation. To cancel is to annul,—obliterate,—destroy.

It is immaterial here whether or not the Commissioner of Patents was at fault in issuing the second patent for 17 years from its own date. If there was any mistake on the part of the Patent Office in that, it clearly appeared upon the face of that patent. Christensen knew it; and was chargeable with notice thereof. He should have promptly returned the patent for correction. Instead of that he accepted it; marked his machines under it and brought suit upon it for infringement; and although the defendant in its answer, which was promptly filed to the original bill, asserted the invalidity of such second patent, the complainants continued to act upon it alone until the filing of their amended bill some seven years after the suit was commenced; and the records of the Patent Office until this day show cancellation and destruction of the first patent and the existence alone of Patent 635,280. The fact that the record of the Patent Office has been as it is and that there has been no further reissue or correction of the vice in the second patent, is not the fault of the Patent Office but of Mr. Christensen.

Counsel for respondents (Brief, p. 55) assert that in the issue of the second patent, there was a correction and not a reissue. The Circuit Court of Appeals for the Seventh Circuit was of opinion that it was a case of reissue. (Rec., 44.) But that is immaterial.

Counsel for respondents (Brief, p. 56) contend that an erroneous term does not nullify a patent; and such appears to have been the opinion of the Circuit Court of Appeals in this case. (Rec., 44.) If the final decree in the Pennsylvania suit is *res adjudicata* of the invalid-

ity of the second patent, this question of the power of the court to save the patent by shortening its term is one of no sort of importance.

We maintain, however, that the court has no such power. The cases cited by counsel for respondents as to the proper construction of section of the Revised Statutes relating to the term of domestic patents where foreign patents have been previously issued, are not in point.

2. Counsel's contention (Brief, p. 50) that letters patent are analogous to title deeds and that actual delivery is unnecessary, but may be presumed, has no application here for the reason that respondents' case here shows that Christensen refused to accept and rejected the first patent. (Rec., 19-20.) Any presumption of delivery and acceptance is thereby excluded. The case of *U. S. v. Schurz*, 102 U. S. (12 Otto) 378, cited by counsel, does not help respondents' situation. That case recognized that delivery and acceptance were necessary,—delivery and acceptance being presumed. Here such presumption is excluded.

Counsel for respondents are mistaken in conceiving that we said that a patent is a specialty contract. We said "a peculiar kind of contract and a contract which depends for existence on the very grant contained in those letters patent." (Brief, p. 84.)

McCormick v. Aultman, 169 U. S. 606, cited by respondents (Brief, pp. 51-52, 54-55), to the point that letters patent duly signed and sealed, have passed beyond the control and jurisdiction of the Patent Office, does not apply here. The court was there speaking as to the power of the Patent Office in the absence of the patentee's authority, or there upon the withdrawal of the application for reissue. Here the Patent Office

had the patentee's consent and request to cancel Patent 621,234.

VI.

AS TO RESPONDENTS' CONTENTION THAT THE ISSUES IN THE WISCONSIN AND PENNSYLVANIA SUITS WERE DIFFERENT; AND AS TO THE QUESTION OF PRIVITY OF PARTIES.

(a) The issue decided by the final decree in the Pennsylvania suit was *as to the validity of the second patent*. That issue or question was presented to each of the courts in the same way, viz., upon the allegation of the bill of complaint itself. The bills are identical in form in this respect,—the allegations of the Pennsylvania bill being in the same language as those in the Wisconsin bill.

The "subject matter of the issue" was the validity of that patent.

There was no testimony or evidence in the Wisconsin suit that tended to vary or bore upon the allegations of the amended bill as to the issue and terms of the second patent. The same patent, 635,280; the same parties (or privies); the same allegations,—the same facts,—were before the court in the Pennsylvania suit, as in the Wisconsin suit, which bore at all upon the question of the validity of Patent 635,280. The cases cited in respondents' argument, pages 64 to 70, are not in point and have no application.

(b) Respondents' contention that the question in the Pittsburgh case as to the validity of Patent 635,280 did not involve "merits of the controversy," is obviously unsound. Clearly the question of the validity of said patent is one as to the merits.

Respondents' renewed argument (Brief, pp. 80-81) that the validity of the first patent, in view of the issue of the second, has been sustained, has, as we believe, been fully covered by what we have herein said.

(c) *The defendants in the two suits were in privity.*

This question, discussed in respondents' brief, pages 74 to 80, we think we may leave upon our former brief.

That question becomes important (so far as the matter of the respondents' knowledge of it has any bearing), only in connection with the conduct of the Pennsylvania suit. At the time when they consented to the hearing in the Circuit Court of Appeals for the Third Circuit of the case presented to that court (Rec., 109), they certainly knew of it; and that is sufficient for our purpose here. Before that time Christensen and his counsel had in affidavits testified in the Pennsylvania suit to the fact showing such privity in that suit. See affidavit of Christensen (Rec., 90) that the defendant in the Wisconsin suit is a subsidiary of the defendant in the Pennsylvania suit; and the affidavit of his counsel, Mr. Rummeler, that the stock of the Milwaukee defendant was owned and controlled by the same persons or concern as was the stock of the defendant in the Pennsylvania suit, or that both are subsidiaries of or controlled by the Westinghouse Air Brake Company. (Rec., 91-92.) But the facts showing privity and Christensen's knowledge of it long before that time are shown by the evidence referred to in our former brief. (pp. 27-31.) There is the same situation in this respect as existed in the *Hart Steel Company* case, where this court held there was privity, viz., the ownership since 1911 by the Pennsylvania defendant here of all the capital stock of the Milwaukee defendant.

VII.

We believe that division VII of respondents' brief has been already covered herein.

VIII.

AS TO THE DISPOSITION BY THIS COURT OF THE CASE, OR THE DIRECTIONS TO BE GIVEN; AND AS TO RESPONDENTS' POSITION RESPECTING THE POWER OF THIS COURT TO DISREGARD REFERENCE IN THE DECREES TO THE SECOND PATENT; OR TO CONSTRUER THE DECREES OF THE LOWER COURTS IN THIS SUIT SO AS TO REFER TO THE MONOPOLY RIGHT OR CONTRACT IRRESPECTIVE OF PATENTS. (Brief, pp. 82 *et seq.*)

1. We beg to refer to our treatment of this subject in our main brief (pp. 72 to 80). We there maintain that existing valid letters patent are essential to plaintiff's case or right of recovery; that as this court said in *Marsh v. Nichols*, 128 U. S. 605 (syllabus), and 611-614, "the letters operate as a patent for the invention claimed"; that "until the patent is issued there is no property right in it, that is, no such right as the inventor can enforce"; that (quoting Chief Justice Taney in *Gayler v. Wilder*, 10 How. 477, 493), "this right is created by the patent and no suit can be maintained by the inventor against any one using it before the patent is issued."

*Patent 635,280 being invalid and out of the Case
Respondents have no Case Left.*

In other words, our contention there and here made is that the respondents have no case for recovery of profits or damages, where (as here) they have no valid existing letters patent, or where their case is only based upon

their *right* to such a patent which (as this court said in *Marsh v. Nichols, supra*, is "no such right as the inventor can enforce"; and that they present in their amended bill of complaint no case for recovery either upon the canceled first patent, or upon a supposed contract with the government, or upon a supposed equitable or other right to have such a patent, if Christensen had sought it (by returning Patent 635,280 for reissue or proper correction), which he never did.

Respondents' Position as to the Court's Power.

The learned counsel for respondents contend that in case this court holds the decree in the Milwaukee suit to be interlocutory, it has power either to construe that decree or to amend it to conform to the facts.

We have in our brief admitted—indeed contended for—the power (and the duty) of this court, with the sufficient record before it, finally to dispose of the case. (Brief, pp. 74 *et seq.*) It appears now that counsel for respondents substantially concur in that view of the court's power.

We differ, however, with them in these respects:

(1) If this court finds from the record that the respondents have no ground for recovery upon their alternative case, *i. e.*, their case minus the second patent, then as we maintain this court may so determine and dispose of the case and dismiss or direct or direct the dismissal of the suit.

(2) If, on the other hand, the court is of opinion that our contention for the dismissal of the suit on the merits is not well taken, or in its discretion should determine that the plaintiffs should be permitted to assert in the District Court their alternative case, then we beg to say:

(3) That upon such alternative case, on its merits, the defendants have not been fully heard in the trial court.

(4) That the plaintiffs have not alleged or shown any sufficient notice to the defendant to entitle them to recover either upon the first patent; or upon the alleged contract with the government, or a supposed grant which is not evidenced and has not since the cancellation of the first patent been evidenced by any valid outstanding letters patent.

(5) That if, forsooth, the defendants may have such a right to recover, it could only be on account of infringements occurring after the filing of the amended bill of complaint on November 12, 1913, if that may be regarded as such notice to defendant. There is nothing in the record to show that the defendant is guilty of any infringements during that period.

(6) The accounts going on under the second patent should be set aside.

(7) There can be no injunction,—whatever patent rights, if any, the plaintiffs had, having, as respondents admit, expired March 21, 1916.

Respectfully submitted,

JOHN S. MILLER,
EDWARD OSGOOD BROWN,
PAUL SYNNESTVEDT,
CHARLES A. BROWN,

For Petitioner.

